

Report on
Examination

COUNTY OF VAN BUREN

September 30, 2006

**Local Audit and Finance Division
Bureau of Local Government Services**

COUNTY OF VAN BUREN
BOARD OF COMMISSIONERS

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Register of Deeds

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Treasurer

Juris Kaps
Prosecuting Attorney

Orrin Dorr
Drain Commissioner

John Faul
Appointed County Administrator

COUNTY POPULATION--2000
76,263

STATE EQUALIZED VALUATION--2006
\$3,445,454,613



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

December 21, 2006

Board of County Commissioners
County of Van Buren
219 Paw Paw Street
Paw Paw, Michigan 49079-1492

RE: Unqualified Opinion on Basic Financial Statements and Supplementary
Schedule of Expenditures of Federal and State Awards--Governmental Entity

Independent Auditor's Report

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Van Buren, Michigan, as of and for the nine months ended September 30, 2006, which collectively comprise Van Buren County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Van Buren County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Van Buren County Transit (blended component unit--business-type activity) which statements reflect total assets of \$660,394 as of September 30, 2006, and total revenues of \$790,993; or the Van Buren District Public Health Department (discrete component unit--governmental fund) which statements reflect total assets of \$2,009,546 as of September 30, 2006, and total revenues of \$3,757,410. These financial statements were audited by other auditors. Our opinion on these financial statements, insofar as it relates to the amounts included for the Van Buren County Transit and Van Buren County District Public Health Department, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, as of September 30, 2006, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2006 on our consideration of Van Buren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 11 and the budgetary comparison information (Exhibits K through M) are not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements, taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County's basic financial statements. The combining nonmajor fund financial statements (Exhibits N through S, Drain A-D, EDC A-B and DPW A-D) and general fund detail schedule of revenues and expenditures (Exhibits T through U), are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and general fund detail schedule of revenues and expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

VAN BUREN COUNTY

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COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Van Buren County's annual financial report presents our discussion and analysis of the County's financial performance during the nine months ended September 30, 2006. Please read it in conjunction with the County's financial statements, which follow this section. For discussion and analysis of the financial statements of the Van Buren Road Commission, Van Buren County Transit, and the Van Buren/Cass District Health Department, please see their separately issued financial statements.

Financial Highlights

Implementation of Governmental Accounting standards Board (GASB) Statement No. 34 occurred for the financial statement for the September 30, 2004 fiscal year end. Financial data is now presented on a full accrual basis for many of the County's funds. The reporting becomes similar to that of a private sector entity. All of the governmental funds and all of the business type funds are separately combined to report a government-wide financial statement for each of the separate fund types.

- Governmental Fund Net Assts increased \$3,788,396 from \$12,186,621 to \$15,975,017, a 31% increase.
- Business Type Fund Net Assets increased \$1,163,203 from \$7,573,092 to \$8,736,295 a 15% decrease. Of the total, \$8,191,014 was unrestricted.
- Total Net Assets increased \$4,951,599 from \$19,759,713 to \$24,711,312, a 25% increase. Of the total, \$10,217,501 was unrestricted. This amount may be used to meet the County's ongoing obligations to citizens and creditors.
- Governmental Fund expenditures totaled \$25,530,665. \$13,774,713 of those expenditures was financed by service charges, contributions, or grants. Tax revenue, revenue sharing, transfers from Business Type Funds, and other general revenues financed the remaining expenditure amount of \$13,890,003.
- As of the close of the current fiscal year, the County's Governmental Funds (this includes the General Fund, Special Revenue, Debt Service, and Capital Project funds) reported a combined ending fund balance of \$7,800,561. Of this amount, \$2,624,929 is unreserved and undesignated.
- The General Fund has an increase of \$2,693,108. At the end of the year, the unreserved fund balance for the General Fund was \$2,624,929 or 24% of the total General Fund expenditures. The total General Fund balance was \$2,704,929.
- The Delinquent Tax Funds generated service charge revenue of \$1,340,116. The revenue exceeded expenditures by \$1,115,777 before considering interest earning.
- The Delinquent Tax Funds generated income of \$1,494,341 during 2006. This was primarily due to the fact we had to borrow to meet cash flow demands of the fund. Unrestricted Net Assets for the Delinquent Fund were \$8,088,546.

COUNTY OF VAN BUREN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This annual report consists of four parts--*Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, *Required Supplementary Information*, and an optional section that presents *Combining Statements* for non-major governmental funds and internal service funds.

The *Basic Financial Statements* include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.
- *Governmental fund* statements tell how *general government* services including legislative, judicial, and executive functions (e.g., public safety) were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as Delinquent Tax Revolving Fund.
- *Fiduciary fund* statements provide information about the financial relationships (e.g., retirement plan for the County's employees) in which the County acts solely as a *trustee* or *agent* for the benefit of others to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provides data that is more detailed.

The statements are followed by a section of *Required Supplementary Information* that further explains and supports the information in the financial statements.

In addition to these required elements, we have included a section with *Combining Statements* that provides detail about our nonmajor governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each of the statements.

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure A-1. Major Features of Van Buren County's Government-Wide and Fund Financial Statements Fund Statements				
Type of Statements	Government-Wide	Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds and the County's component units)	Activities of the County that are not proprietary or fiduciary, such as police, fire, and parks	Activities the County operates similar to private businesses; the ambulance service, Building Official	Instances in which the County is the trustee or agent for someone else's resources, such as the retirement plan for County employees
Required Financial Statements	Statement of Net Assets	Balance Sheet	Statement of Net Assets	Statement of Fiduciary Net Assets
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Assets	Statement of Changes in Fiduciary Net Assets
			Statement of Cash Flows	
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the County's funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the County, as a whole, using accounting methods similar to those used by private-sector companies. The *Statement of Net Assets* includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

The two government-wide statements report the County's *net assets* and how they have changed. Net assets, the difference between the County's assets and liabilities, is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net assets are an indicator of whether or not its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider the additional nonfinancial factors such as changes in the County's property tax base and the condition of the County's infrastructure.

The government-wide financial statements of the County are divided into three categories:

- *Governmental Activities*--Most of the County's basic services are included here, such as legislative, judicial, executive government, and other activities. Property taxes, intergovernmental revenue, service charges, state, and federal grants finance most of these activities.
- *Business-Type Activities*--Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered business-type activities. These include delinquent tax collections and property foreclosures.
- *Component Units*--The County includes other entities in its reports. Although legally separate, these "component units" are important because the County is financially accountable for them. Examples are the Road Commission, Drainage Districts, Department of Public Works, Economic Development Corporation, and the District Health Department.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most *significant funds*, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County Board of Commissioners establishes other funds to control and manage money for particular purposes (e.g., Central Dispatch) or to show that it is properly using certain taxes and grants (e.g., aid from the Michigan State Housing Development Authority).

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County has three kinds of funds:

- *Governmental Funds*--Most of the County's basic services are included in governmental funds, which focus on: (1) how *cash and other financial assets* can readily be converted to cash flow in and out; and (2) balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary Funds*--Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. There are two different types of these:
 - *Enterprise Funds* are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - *Internal Service Funds* report activities that provide supplies and services for the County's other programs and activities, such as the County's Office Equipment Fund.
- *Fiduciary Funds*--The County is the trustee or *fiduciary* for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Financial Analysis of the County as a Whole

Comparative analysis to previous year financial results is not available due to this being the first fiscal year of implementation of GASB No. 34 by the County as a September 30th fiscal year end and the current financial report only reflects nine months activity. A complete comparative analysis will be provided in the future years when prior year information is available.

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Assets--The County's combined net assets increased 25.1% to \$24,711,312 as of and for the nine months ended September 30, 2006. (See Table A-1).

Table A-1

VAN BUREN COUNTY NET ASSETS

	Governmental Activities		Business-Type Activities		Total Percentage 2006
	2006	2005	2006	2005	
Current and Other Assets	\$ 10,397,233	\$ 16,636,405	\$ 13,211,095	\$ 7,021,302	\$ 23,608,328
Capital Assets	11,607,696	11,501,755	545,281	603,115	12,152,977
Total Assets	22,004,929	28,138,160	13,756,376	7,624,417	35,761,305
Long-Term Debt Outstanding	4,888,597	5,232,057	4,992,396	12,396	9,880,993
Other Liabilities	1,141,315	10,719,482	27,685	38,929	1,169,000
Total Liabilities	6,029,912	15,951,539	5,020,081	51,325	11,049,993
Net Assets					
Invested in Capital Assets					
Net or Related Debt	7,747,696	7,400,951	545,281	603,115	8,292,977
Restricted	6,200,834	5,386,524			6,200,834
Unrestricted	2,026,487	(600,854)	8,191,014	6,969,977	10,217,501
Total Net Assets	\$ 15,975,017	\$ 12,186,621	\$ 8,736,295	\$ 7,573,092	\$ 24,711,312

The increase is primarily due to an increase in the Governmental Activities.

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Of the Current and Other Assets total \$23,608,328, \$15,057,531 is cash or investments. That represents 64% of the total current assets. Of the total cash and investments amount, \$7,903,710 was in the Delinquent Tax Funds. The fund's primary purpose is to administer the collection and distribution of delinquent real property taxes.

CHANGES IN VAN BUREN COUNTY'S NET ASSETS

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Revenues							
Program Revenues							
Charges for Services	\$ 3,586,989	\$ 5,547,956	\$ 1,722,320	\$ 1,776,174	\$ 5,309,309	\$ 7,324,130	-27.51%
Operating Grants and Contributions	10,172,194	14,423,649	348,450	663,760	10,520,644	15,087,409	-30.27%
Capital Grants and Contributions	15,530		140,066	137,512	155,596	137,512	13.15%
General Revenues							
Property Taxes	12,944,727	15,544,479			12,944,727	15,544,479	-16.72%
State Shared Revenue							
Interest	259,979	147,959	155,378		415,357	147,959	180.72%
Other	685,297				685,297	-	100.00%
Total Revenues	27,664,716	35,664,043	2,366,214	2,577,446	30,030,930	38,241,463	-21%
Expenses							
General Government	8,133,747	10,655,222			8,133,747	10,655,222	-23.66%
Public Safety	5,970,815	7,732,625			5,970,815	7,732,625	-22.78%
Public Works	57,696	53,835			57,696	53,835	7.17%
Health and Welfare	5,132,255	15,749,647			5,132,255	15,749,647	-67.41%
Community Development	5,882,838				5,882,838	-	100.00%
Other	278,647	352,288			278,647	352,288	-20.90%
Interest on Long-Term Debt	74,667	236,475	76,068		150,735	236,475	-36.26%
Jail Commissary			67,757	102,686	67,757	102,686	-34.02%
Delinquent Tax Collections/Forfeitures			248,336	211,827	248,336	211,827	17.24%
Public Transit			823,903	1,084,262	823,903	1,084,262	-24.01%
Total Expenses	25,530,665	34,780,092	1,216,094	1,398,775	26,746,759	36,178,867	-26%
Excess Before Special Items and Transfers	2,134,051	883,951	1,010,054	1,178,671	3,144,105	2,062,622	52.43%
Capital Contributions			140,066		140,066	-	-100.00%
Transfers		1,722,372		(1,722,372)	-	-	0.00%
Change in Net Assets	2,134,051	2,606,323	1,150,120	(543,701)	3,284,171	2,062,622	59.22%
Net Assets--Beginning of Year, as Restated	13,840,966	9,580,298	7,586,175	8,116,793	21,427,141	17,697,091	21.08%
NET ASSETS--END OF YEAR	\$ 15,975,017	\$ 12,186,621	\$ 8,736,295	\$ 7,573,092	\$ 24,711,312	\$ 19,759,713	25.06%

COUNTY OF VAN BUREN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the County's Funds

Governmental Funds

Governmental Funds include the General Fund, Special Revenue Funds (Parks, Central Dispatch, Child Care Fund, etc.), Debt Service Funds, and Capital Project Funds. For the nine months ended September 30, 2006, the County's governmental funds reported a total fund balance of \$7,800,561.

General Fund--The total General Fund balance increased \$2,693,108 from \$11,821 to \$2,704,929 as of September 30, 2006. Of this amount, \$2,624,929 is undesignated. The relative fund balance increase is due to the County moving from a December 31st year end to a September 30th year end.

The initial budget adopted for the General Fund for 2006-2007 estimated that an unreserved-undesignated fund balance of \$2,600,000 would be available at the end of the 2006-2007 fiscal years. This was the primary reason for very conservative budgeting.

General Fund Expenditures were substantially under budget due to the nine month fiscal year.

Special Revenue Funds--The Special Revenue Funds in total ended September 30, 2006 fiscal year with a fund balance of \$5,095,632. This is a decrease of \$347,571 from the previous year's restated fund balance of \$5,443,203. Of these funds, the Workforce Development Board and Revenue Sharing Reserve are considered major funds explained in further detail in the Notes to the Financial Statements. All other funds meet the criteria for nonmajor funds for financial reporting purposes.

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

<u>Fund</u>	<u>Total Fund Balance</u>		
	<u>2005</u>	<u>2006</u>	<u>Change</u>
Sheriff Extra Voted Millage	\$ 89,160	\$ 322,531	\$ (233,371)
Ambulance	6,288	645,296	(639,008)
Friend of the Court	162	228	(66)
Court Equity	359	418	(59)
Revenue Sharing Fund	4,223,446	2,832,259	1,391,187
Kal Haven Trail	21,024	21,701	(677)
Jail Enhancement	27,209	27,156	53
Collection Agency	115,054	98,095	16,959
60% Justice Training	10,782	18,482	(7,700)
Central Dispatch	535	48,877	(48,342)
922 Wireless	131,373	56,788	74,585
Planning Commission	16	-	16
LEPC	7,456	1,983	5,473
Public Improvement	701	27	674
Weapons of Mass Destruction	15,282	-	15,282
CBRN Terrorism Planning	13,838	-	13,838
Human Services West	26,149	41,115	(14,966)
Dispatch Training	3,887	1,586	2,301
Register of Deeds Automation	279,221	342,536	(63,315)
Crime Victims Rights	3,392	26,801	(23,409)
Courthouse Security	81	16,277	(16,196)
Safe Neighborhood Grant	-	1	(1)
Remonumentation	(8,300)	36,597	(44,897)
Victim Advocates	35,314	30,502	4,812
Sex Offender	810	830	(20)
Court Officers	129,207	48,628	80,579
Drug Enforcement Federal	3,798	62,002	(58,204)
Drug Enforcement State	4,135	1	4,134
Drug Enforcement Attorney	4,827	2,064	2,763
Law Library	62	125	(63)
Youth Services	65	-	65
Community Corrections	13,434	45,235	(31,801)
Housing	43,220	42,623	597
Substance Abuse	5,382	2,944	2,438
Courthouse Restoration	3,229	3,752	(523)
Social Welfare	100,763	106,893	(6,130)
Family Counseling	29,745	34,724	(4,979)
Child Care	1	82,320	(82,319)
Soldiers' and Sailors' Relief	52	52	-
Veterans' Trust	908	1,354	(446)
Corrections Training	24,493	27,726	(3,233)
Housing Program Income	31,484	6,718	24,766
Total	<u>\$ 5,398,044</u>	<u>\$ 5,037,247</u>	<u>\$ 360,797</u>

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

Enterprise Funds include major funds (Delinquent Tax Revolving, 2005 Delinquent Tax Revolving, and Delinquent Tax Forfeitures) and Non-Major Funds (Summer Tax Collection, Commissary, and Public Transit). The Proprietary Funds had total net assets as of September 30, 2006 of \$8,736,295. The Internal Service Fund consists of the Fringe Benefit Fund.

General Fund Budgetary Highlights

It was a very pleasant year for both revenues and expenditures. This is due to the nine month fiscal year. We were able to collect over 88% of our revenues while at the same time expenditures were approaching approximately 77% of an annualized amount. Overall, considering the difficult economic times, the County actually improved its financial position substantially from the previous fiscal year.

Description of Significant Capital Asset and Long-Term Debt Activity

The County's investment in capital assets for its governmental activities as of September 30, 2006 amounted to \$11,547,696. This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Following is a schedule of the County's capital assets as of September 30, 2006:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	1,590,706		1,590,706
Land Improvements	162,104	82,229	244,333
Buildings	18,362,725	569,976	18,932,701
Equipment	<u>3,455,483</u>	<u>1,098,932</u>	<u>4,554,415</u>
Subtotal	23,571,018	1,751,137	25,322,155
Accumulated Depreciation	<u>(12,023,322)</u>	<u>(1,205,856)</u>	<u>(13,229,178)</u>
Total Capital Assets--Net	<u><u>\$ 11,547,696</u></u>	<u><u>\$ 545,281</u></u>	<u><u>\$ 12,092,977</u></u>

COUNTY OF VAN BUREN

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County's Debt Obligations (principal and interest) are as follows:

2007	\$ 1,220,563
2008	917,276
2009	932,853
2010	370,200
2011	123,935
2012	123,030

Economic Factors and Next Year's Budget and Rates

The county considered these factors in preparing the budget for 2007-2008. The following factors will also affect the county's financial position and operations into the future:

- The General Fund budget for 2006-2007 is currently balanced. However, State Shared Revenue has been eliminated and the County's Revenue Sharing Fund will expire in approximately four years. We must gradually reduce our dependence upon the aforementioned funds and begin to rely more heavily upon local revenue generating sources.
- The State of Michigan's budget problems continue to affect the County's finances. The County must continue to reduce and eventually eliminate any State funded revenues.
- Interest rates continue to stay at historical lows.
- Van Buren County's local economy is moderately strong with a number of companies hiring. Specifically, MPI research continues to expand at record pace.
- The county's property tax revenue is estimated to increase approximately 5.8% for the 2007-2008 fiscal year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the County Administrator, 219 Paw Paw Street, Suite 303, Paw Paw, Michigan 49079-1492.

VAN BUREN COUNTY
STATEMENT OF NET ASSETS
September 30, 2006

EXHIBIT A

	PRIMARY GOVERNMENT			Discretely
	Governmental	Business-Type		Presented
	Activities	Activities	Total	Component
				Units
<u>ASSETS</u>				
Current Assets				
Cash, Cash Equivalents and Investments	\$ 7,084,130	\$ 7,973,401	\$ 15,057,531	\$ 7,849,096
Receivables (Net)				
Taxes--Current	1,262,594		1,262,594	1,800,000
Taxes--Delinquent		4,893,199	4,893,199	
Accounts	12,777	48,561	61,338	510,798
Loans	1,105,202		1,105,202	483,846
Interest			-	101
Assessments			-	314,476
Due From Townships	32,528		32,528	
Due From Villages	15,104		15,104	
Due From State	884,585	12,796	897,381	1,351,569
Due From Federal Government	313		313	
Due From Local Units of Governments		257,414	257,414	2,456,759
Inventories		8,987	8,987	997,440
Prepaid Insurance		16,737	16,737	41,959
Total Current Assets	10,397,233	13,211,095	23,608,328	15,806,044
Noncurrent Assets				
Capital Assets--Net of Accumulated Depreciation	11,547,696	545,281	12,092,977	55,348,590
Receivables--Assessments			-	241,713
Due From Local Units of Governments			-	43,181,909
Long-Term Advances to				
Other Funds--Component Units	60,000		60,000	
Total Noncurrent Assets	11,607,696	545,281	12,152,977	98,772,212
Total Assets	\$22,004,929	\$13,756,376	\$35,761,305	\$ 114,578,256
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts Payable	\$ 424,281	\$ 15,288	\$ 439,569	\$ 163,628
Accrued Liabilities	450,970	11,294	462,264	90,567
Other Liabilities		1,103	1,103	
Due to Primary Government			-	
Advances From Township			-	35,775
Due to State	266,064		266,064	249,791
Performance Bonds Payable			-	4,000
Due to Local Units			-	
Deferred Revenue			-	1,853,439
Interest Payable			-	
Total Current Liabilities	1,141,315	27,685	1,169,000	2,397,200

VAN BUREN COUNTY
STATEMENT OF NET ASSETS
September 30, 2006

EXHIBIT A
(CONTINUED)

	PRIMARY GOVERNMENT			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
Long-Term Liabilities				
Judgments Payable--Due Within One Year	108,334		108,334	
Judgments Payable--Due in More Than One Year	216,666		216,666	
Long-Term Advances From				
Other Funds--Primary Government			-	60,000
Bonds Payable--Due Within One Year	755,000		755,000	2,275,000.00
Bonds Payable--Due in More Than One Year	2,745,000	4,980,000	7,725,000	43,455,000
Notes Payable--Due Within One Year			-	114,333
Notes Payable--Due in More Than One Year			-	64,334
Installment Purchase Agreements Payable				
Due Within One Year	300,000		300,000	231,811
Due in More Than One Year			-	4,568,189
Vested Employee Benefits Payable	763,597	12,396	775,993	460,239
Total Noncurrent Liabilities	4,888,597	4,992,396	9,880,993	51,228,906
Total Liabilities	6,029,912	5,020,081	11,049,993	53,626,106
Net Assets				
Investment in Capital Assets--Net of Related Debt	7,747,696	545,281	8,292,977	50,079,923
Restricted for				
Capital Projects	58,385		58,385	
Road Commission				7,116,146
District Public Health				1,558,408
Department of Public Works--Capital Projects				113,783
Economic Development Corporation				840,339
Drain Commission				1,243,551
Other Purposes	6,142,449		6,142,449	
Unrestricted	2,026,487	8,191,014	10,217,501	
Total Net Assets	\$15,975,017	\$ 8,736,295	\$24,711,312	\$ 60,952,150

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
STATEMENT OF ACTIVITIES
For the Nine Months Ended September 30, 2006

EXHIBIT B

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT			
					Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government								
Governmental Activities								
General Government	\$ 8,133,747	\$2,333,710	\$ 1,505,202		\$ (4,294,835)		\$ (4,294,835)	
Public Safety	5,970,815	901,874	1,400,563	\$ 15,530	(3,652,848)		(3,652,848)	
Public Works	57,696				(57,696)		(57,696)	
Health and Welfare	5,132,255	275,728	1,423,201		(3,433,326)		(3,433,326)	
Community and Economic Development	5,882,838		5,843,228		(39,610)		(39,610)	
Recreation and Culture	78,482	75,677			(2,805)		(2,805)	
Other	200,165				(200,165)		(200,165)	
Interest on Long-Term Debt	74,667				(74,667)		(74,667)	
Total Governmental Activities	25,530,665	3,586,989	10,172,194	15,530	(11,755,952)	\$ -	(11,755,952)	\$ -
Business-Type Activities								
Delinquent Tax Revolving	1,604	262,426				260,822	260,822	
2005 Delinquent Tax Revolving	101,745	674,141				572,396	572,396	
Delinquent Tax Forfeitures	197,058	388,622				191,564	191,564	
Non-Major Enterprise Funds	915,687	397,131	348,450	140,066		(30,040)	(30,040)	
Total Business-Type Activities	1,216,094	1,722,320	348,450	140,066	-	994,742	994,742	-
Total Primary Government	\$ 26,746,759	\$5,309,309	\$ 10,520,644	\$ 155,596	\$ (11,755,952)	\$ 994,742	\$ (10,761,210)	\$ -

VAN BUREN COUNTY
STATEMENT OF ACTIVITIES
For the Nine Months Ended September 30, 2006

EXHIBIT B
(CONTINUED)

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT			
					Governmental Activities	Business-Type Activities	Total	Component Units
Component Units								
Road Commission	\$ 9,509,760	\$ 250,456	\$ 7,458,449	\$ 3,094,251				\$ 1,293,396
District Public Health	3,718,905	566,238	3,032,179					(120,488)
Department of Public Works	1,447,487		1,119,575					(327,912)
Economic Development Corporation	837		22,223					21,386
Drain Commission	160,737	3,633	24,997					(132,107)
Total Component Units	\$14,837,726	\$ 820,327	\$ 11,657,423	\$ 3,094,251	\$ -	\$ -	\$ -	\$ 734,275
General Revenues								
Property Taxes					\$ 12,944,727		\$ 12,944,727	\$ 1,804,080
Unrestricted Investment Earnings					259,979	\$ 155,378	415,357	28,231
Insurance Recovery								13,039
Rentals					610,856		610,856	
Sale of Capital Assets								120,354
Miscellaneous					7,441		7,441	
Total General Revenues--Special Items and Transfers					13,823,003	155,378	13,978,381	1,965,704
Change in Net Assets					2,067,051	1,150,120	3,217,171	2,699,979
Net Assets--Beginning					12,186,621	7,573,092	19,759,713	58,229,342
Restatement to Net Assets					1,654,345	13,083	1,667,428	22,829
Restated Net Assets--Beginning					13,840,966	7,586,175	21,427,141	58,252,171
Net Assets--Ending					\$ 15,908,017	\$ 8,736,295	\$ 24,644,312	\$ 60,952,150

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2006

EXHIBIT C

September 30, 2006	SPECIAL REVENUE FUNDS				
		Workforce Development Board	Revenue Sharing Reserve	Non-Major Governmental Funds	Total Governmental Funds
ASSETS	General				
Cash, Cash Equivalents and Investments	\$2,053,739		\$2,832,259	\$2,097,870	\$ 6,983,868
Receivables					
Taxes	1,262,594				1,262,594
Accounts	12,777				12,777
Loans				1,105,202	1,105,202
Due From Townships	32,528				32,528
Due From Villages and Cities	15,104				15,104
Due From State	221,689			662,896	884,585
Due From Federal Government	313				313
Long-Term Advances to					
Other Funds--Primary Government	20,000				20,000
Other Funds--Component Units	60,000				60,000
Total Assets	\$3,678,744	\$ -	\$2,832,259	\$3,865,968	\$10,376,971
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 321,820			\$ 102,461	\$ 424,281
Judgments Payable	325,000				325,000
Due to State				266,064	266,064
Accrued Liabilities	326,995			123,868	450,863
Deferred Revenue				1,105,202	1,105,202
Long-Term Liabilities					
Long-Term Advances From					
Other Funds--Primary Government				5,000	5,000
Total Liabilities	973,815	\$ -	\$ -	1,602,595	2,576,410
Fund Equity					
Fund Balances					
Reserved for					
Long-Term Advances	80,000				80,000
Capital Projects/Improvements				58,385	58,385
Special Revenue Programs				2,204,988	2,204,988
Revenue Sharing Reserve			2,832,259		2,832,259
Unreserved--Undesignated	2,624,929				2,624,929
Total Fund Equity	2,704,929	-	2,832,259	2,263,373	7,800,561
Total Liabilities and Fund Equity	\$3,678,744	\$ -	\$2,832,259	\$3,865,968	\$10,376,971
Fund Balance--Total Governmental Funds					\$ 7,800,561
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					11,547,696
Revenues that do not provide current financial resources are not reported as revenue in the funds.					1,105,202
Internal service funds are used by management to charge the costs of certain activities such as insurance and telephone service to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.					85,155
Certain liabilities, such as bonds payable, interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.					(4,563,597)
Total Net Assets					\$15,975,017

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT D

	<u>SPECIAL REVENUE FUNDS</u>				
	General	Workforce Development Board	Revenue Sharing Reserve	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and Penalties	\$ 9,933,258			\$ 3,205,282	\$13,138,540
Licenses and Permits	95,015			7,275	102,290
Federal Grants	657,154	\$ 5,832,370		391,117	6,880,641
State Grants	1,155,929			1,251,611	2,407,540
Contributions From Local Units	455,227			54,411	509,638
Charges for Services	2,274,538			869,340	3,143,878
Fines and Forfeits	162,731			82,018	244,749
Interest and Rentals	870,835			142,239	1,013,074
Other Revenue	98,141			353,113	451,254
Total Revenues	15,702,828	5,832,370	\$ -	6,356,406	27,891,604
Expenditures					
Current					
General Government	6,871,678			1,156,369	8,028,047
Public Safety	3,108,200			2,454,448	5,562,648
Public Works	57,696				57,696
Health and Welfare	779,238			4,137,679	4,916,917
Community and Economic Development		5,832,370		50,468	5,882,838
Recreation and Cultural				75,000	75,000
Other	200,165				200,165
Capital Outlay	15,530			127,875	143,405
Debt Service					
Principal				575,000	575,000
Interest and Fiscal Fees				104,351	104,351
Total Expenditures	11,032,507	5,832,370	-	8,681,190	25,546,067
Excess of Revenues Over (Under) Expenditures	4,670,321	-	-	(2,324,784)	2,345,537
Other Financing Sources (Uses)					
Interfund Transfers In--Primary Government	1,416,361			3,550,208	4,966,569
Interfund Transfers (Out)--Primary Government	(3,393,574)		(1,391,187)	(181,808)	(4,966,569)
Total Other Financing Sources (Uses)	(1,977,213)	-	(1,391,187)	3,368,400	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,693,108	-	(1,391,187)	1,043,616	2,345,537
Fund Balance (Deficit)--January 1, 2006	170,845		4,223,446	1,219,757	5,614,048
Restatement to Fund Balance--January 1, 2006	(159,024)				(159,024)
Restated Fund Balance--January 1, 2006	11,821	-	4,223,446	1,219,757	5,455,024
Fund Balance (Deficit)--September 30, 2006	\$ 2,704,929	\$ -	\$ 2,832,259	\$ 2,263,373	\$ 7,800,561

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Nine Months Ended September 30, 2006

EXHIBIT D-1

NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$2,345,537

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add--Capital Outlay	143,405
Deduct--Depreciation Expense	(842,913)
Deduct--Asset Disposals	

Revenues earned but not available for current resources are not reported in the funds.

Housing Commission--Loans Paid Out During 2006	(9,375)
Property Taxes	(193,813)
Other	(23,700)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Add--Principal Payments on Long-Term Liabilities	575,000
--	---------

Accrued interest expense is not recorded by governmental funds but is reported under interest and fiscal charges for purposes of net assets.

Add--Net Decrease in Accrued Interest Expense for 2006.	29,684
---	--------

Internal service funds are used by management to charge the costs of certain activities such as insurance and telephone service to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Add--Net operating income (loss) from governmental activities in internal service funds	16,766
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. Net decrease in compensated absences.

93,460

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$2,134,051

The Notes to Financial Statements are an integral part of this statement.

**VAN BUREN COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2006**

EXHIBIT E

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	Delinquent Tax Revolving	2005 Delinquent Tax Revolving	Delinquent Tax Forfeitures	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>ASSETS</u>						
Current Assets						
Cash and Cash Equivalents	\$ 4,269,684	\$ 1,840,132	\$ 1,793,894	\$ 69,691	\$ 7,973,401	\$ 95,262
Receivables						
Taxes--Delinquent	1,151,148	3,742,051			4,893,199	
Accounts			15,508	33,053	48,561	
Due From State				12,796	12,796	
Due From Local Units	257,414				257,414	
Inventory				8,987	8,987	
Prepaid Insurance				16,737	16,737	
Total Current Assets	5,678,246	5,582,183	1,809,402	141,264	13,211,095	95,262
Noncurrent Assets						
Capital Assets--Net of Accumulated Depreciation				545,281	545,281	-
Total Noncurrent Assets	-	-	-	545,281	545,281	-
Total Assets	\$ 5,678,246	\$ 5,582,183	\$ 1,809,402	\$ 686,545	\$ 13,756,376	\$ 95,262
<u>LIABILITIES</u>						
Current Liabilities						
Accounts Payable			\$ 182	\$ 15,106	\$ 15,288	
Accrued Liabilities				11,294	11,294	\$ 107
Other Liabilities		\$ 502	601		1,103	
Total Current Liabilities	\$ -	502	783	26,400	27,685	107
Noncurrent Liabilities						
Long-Term Advance						10,000
Accrued Compensated Absences				12,396	12,396	
Bonds Payable		4,980,000			4,980,000	
Total Noncurrent Liabilities	-	4,980,000	-	12,396	4,992,396	10,000
Total Liabilities	-	4,980,502	783	38,796	5,020,081	10,107
<u>NET ASSETS</u>						
Invested in Capital Assets--Net of Related Debt				545,281	545,281	
Unrestricted	5,678,246	601,681	1,808,619	102,468	8,191,014	85,155
Total Net Assets	\$ 5,678,246	\$ 601,681	\$ 1,808,619	\$ 647,749	\$ 8,736,295	\$ 85,155

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS--PROPRIETARY FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT F

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	Delinquent Tax Revolving	2005 Delinquent Tax Revolving	Delinquent Tax Forfeitures	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues						
Charges for Services		\$ 295,160	\$ 388,622	\$ 397,131	\$ 1,080,913	\$ 2,568,554
Interest on Delinquent Taxes	\$ 262,426	378,981			641,407	
Total Operating Revenues	262,426	674,141	388,622	397,131	1,722,320	2,568,554
Operating Expenses						
Salaries, Wages and Fringe Benefits				437,989	437,989	2,528,117
Contractual Services			175,529	53,137	228,666	23,820
Materials and Supplies	1,604	25,677	21,529	194,994	243,804	
Utilities				17,139	17,139	
Casualty and Liability Costs				11,831	11,831	
Depreciation				197,797	197,797	
Other				2,800	2,800	
Total Operating Expenses	1,604	25,677	197,058	915,687	1,140,026	2,551,937
Operating Income (Loss)	260,822	648,464	191,564	(518,556)	582,294	16,617
Nonoperating Revenues (Expenses)						
State Operating Grants				239,864	239,864	
Federal Operating Grants				90,682	90,682	
Contributions From Other Units				10,217	10,217	
Interest Earned on Investments	124,940	29,285		1,153	155,378	149
Other				7,687	7,687	
Interest Paid on Bonds		(76,068)			(76,068)	
Total Nonoperating Revenues (Expenses)	124,940	(46,783)	-	349,603	427,760	149
Income (Loss) Before Contributions	385,762	601,681	191,564	(168,953)	1,010,054	16,766
Capital Contributions				140,066	140,066	
Change in Net Assets	385,762	601,681	191,564	(28,887)	1,150,120	16,766
Total Net Assets--January 1, 2006	5,292,484	-	1,617,055	663,553	7,573,092	68,389
Restatement to Net Assets				13,083	13,083	
Restated Net Assets--January 1, 2006	5,292,484	-	1,617,055	676,636	7,586,175	68,389
Total Net Assets--September 30, 2006	\$ 5,678,246	\$ 601,681	\$ 1,808,619	\$ 647,749	\$ 8,736,295	\$ 85,155

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT G

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	Delinquent Tax Revolving	2005 Delinquent Tax Revolving	Delinquent Tax Forfeitures	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows From Operating Activities						
Cash Received From Customers			\$ 385,085	\$ 413,523	\$ 798,608	\$ 2,568,554
Interest on Delinquent Taxes	\$ 262,426	\$ 303,307			565,733	
Delinquent Taxes Purchased		(7,575,263)			(7,575,263)	
Delinquent Taxes Collected	2,615,145	4,204,046			6,819,191	
Cash Payments to Employees for Services and Benefits				(670,841)	(670,841)	(2,528,011)
Cash Payments to Suppliers for Goods and Services	(1,604)	(25,175)	(198,039)	(46,461)	(271,279)	(122,451)
Net Cash Provided by Operating Activities	2,875,967	(3,093,085)	187,046	(303,779)	(333,851)	(81,908)
Cash Flows From Noncapital Financing Activities						
State and Federal Grants				340,763	340,763	
Due From Other Units of Government	(267,531)				(267,531)	
Due to Other Funds--Primary	385,226				385,226	
Net Cash Provided by Noncapital Financing Activities	117,695	-	-	340,763	458,458	-
Cash Flows From Capital and Related Financing Activities						
Capital Assistance Grants				140,066	140,066	
Proceeds From Bonds		5,980,000			5,980,000	
Principal Paid on Bonds		(1,000,000)			(1,000,000)	
Interest Paid on Bonds		(76,068)			(76,068)	
Capital Assets Purchased With Capital Assistance				(139,963)	(139,963)	
Net Cash Provided by Capital and Related Financing Activities	-	4,903,932	-	103	4,904,035	-
Cash Flows From Investing Activities						
Interest on Cash Equivalents	124,938	29,285		1,153	155,376	149
Other				7,687	7,687	
Net Cash Provided by Investing Activities	124,938	29,285	-	8,840	163,063	149
Net Increase (Decrease) in Cash and Cash Equivalents	3,118,600	1,840,132	187,046	45,927	5,191,705	(81,759)
Cash and Cash Equivalents at Beginning of Year	1,151,084	-	1,606,848	23,764	2,781,696	177,021
Cash and Cash Equivalents at End of Year	\$ 4,269,684	\$ 1,840,132	\$ 1,793,894	\$ 69,691	\$ 7,973,401	\$ 95,262
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income (Loss)	\$ 260,822	\$ 648,464	\$ 191,564	\$ (518,556)	\$ 582,294	\$ 16,617
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities						
Depreciation Expense				197,797	197,797	
(Increase) Decrease in Delinquent Taxes Receivable	2,615,145	(3,371,217)			(756,072)	
(Increase) Decrease in Accounts Receivable		(370,834)	(3,537)	4,511	(369,860)	
(Increase) Decrease in Grants Receivable				11,881	11,881	
(Increase) in Prepaid Insurance				1,059	1,059	
(Increase) Decrease in Inventory				175	175	
Increase (Decrease) in Accounts Payable		502	(981)	(646)	(1,125)	(98,632)
Increase (Decrease) in Accrued Wages Payable					-	107
Net Cash Provided by Operating Activities	\$ 2,875,967	\$ (3,093,085)	\$ 187,046	\$ (303,779)	\$ (333,851)	\$ (81,908)

The Notes to Financial Statements are an integral part of this statement.

**VAN BUREN COUNTY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
September 30, 2006**

EXHIBIT H

**AGENCY
FUNDS**

ASSETS

Cash and Investments	\$ 7,026,801
Total Assets	<u>\$ 7,026,801</u>

LIABILITIES

Liabilities	
Long-Term Advance	\$ 5,000
Due to State of Michigan	6,931,461
Undistributed Tax Collections	145,751
Bonds Restitutions and Payable to Individuals	55,802
Other Liabilities	(107,800)
Other Payroll Liabilities	<u>(3,413)</u>
Total Liabilities	<u>\$ 7,026,801</u>

The Notes to the Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
STATEMENT OF NET ASSETS
COMPONENT UNITS
September 30, 2006

EXHIBIT I

	MAJOR COMPONENT UNITS					
	Road Commission	District Public Health	Department of Public Works	Economic Development Corporation	Drain Commission	Total
<u>ASSETS</u>						
Current Assets						
Cash and Investments	\$ 5,795,441	\$ 700,419	\$ 242,062	\$ 356,448	\$ 754,726	\$ 7,849,096
Receivables						
Taxes Receivable	1,800,000					1,800,000
Accounts	42,956	467,842				510,798
Loans				483,846		483,846
Interest				101		101
Due From State	951,526	400,043				1,351,569
Due From Local Units of Government						
Due Within One Year	90,782	236,165	2,129,812			2,456,759
Special Assessments Receivable						
Due Within One Year					314,476	314,476
Inventories	907,869	89,571				997,440
Prepaid Insurance		41,959				41,959
Total Current Assets	9,588,574	1,935,999	2,371,874	840,395	1,069,202	15,806,044
Noncurrent Assets						
Due From Local Units of Government						
Due in More Than One Year			43,181,909			43,181,909
Special Assessments Receivable						
Due in More Than One Year					241,713	241,713
Capital Assets (Net of Accumulated Depreciation)	54,615,925	73,547			659,118	55,348,590
Total Noncurrent Assets	54,615,925	73,547	43,181,909	-	900,831	98,772,212
Total Assets	\$ 64,204,499	\$ 2,009,546	\$ 45,553,783	\$ 840,395	\$ 1,970,033	\$ 114,578,256
<u>LIABILITIES</u>						
Current Liabilities						
Accounts Payable	\$ 20,024	\$ 136,184		\$ 56	\$ 7,364	\$ 163,628
Due to State	249,791					249,791
Accrued Liabilities	90,567					90,567
Performance Bonds Payable	4,000					4,000
Advances From Township	35,775					35,775
Deferred Revenue	1,800,000	53,439				1,853,439
Total Current Liabilities	2,200,157	189,623	\$ -	56	7,364	2,397,200
Noncurrent Liabilities						
Long-Term Advances From						
Primary Government--General Fund					60,000	60,000
Bonds Payable--Due Within One Year			2,130,000		145,000	2,275,000
Bonds Payable--Due in More Than One Year			43,310,000		145,000	43,455,000
Notes Payable--Due Within One Year					114,333	114,333
Notes Payable--Due in More Than One Year					64,334	64,334
Installment Purchase Agreements Payable						
Due Within One Year	231,811					231,811
Due in More Than One Year	4,568,189					4,568,189
Vested Employee Benefits Payable	272,271	187,968				460,239
Total Noncurrent Liabilities	5,072,271	187,968	45,440,000	-	528,667	51,228,906
Total Liabilities	7,272,428	377,591	45,440,000	56	536,031	53,626,106
<u>NET ASSETS</u>						
Invested in Capital Assets--Net of						
Related Debt	49,815,925	73,547			190,451	50,079,923
Restricted for						
County Roads	7,116,146					7,116,146
District Public Health		1,558,408				1,558,408
Department of Public Works--Capital Projects			113,783			113,783
Economic Development Corporation				840,339		840,339
Drain Commission					1,243,551	1,243,551
Total Net Assets	\$ 56,932,071	\$ 1,631,955	\$ 113,783	\$ 840,339	\$ 1,434,002	\$ 60,952,150

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Nine Months Ended September 30, 2006

EXHIBIT J

Functions/Programs	PROGRAM REVENUES				MAJOR COMPONENT UNITS					
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS					
					Road	District Public Health	Department of Public Works	Economic Development Corporation	Drain Commission	Total
Road Commission										
Public Works	\$9,508,317	\$250,456	\$7,458,449	\$3,094,251	\$ 1,294,839					\$ 1,294,839
Interest on Related Debt	1,443				(1,443)					(1,443)
Total Road Commission	9,509,760	250,456	7,458,449	\$3,094,251	1,293,396	\$ -	\$ -	\$ -	\$ -	1,293,396
District Public Health										
Health and Welfare	3,718,905	566,238	3,032,179			(120,488)				(120,488)
Total District Public Health	3,718,905	566,238	3,032,179	-	-	(120,488)	-	-	-	(120,488)
Department of Public Works										
Public Works	337,306		1,119,575				782,269			782,269
Interest on Related Debt	1,110,181						(1,110,181)			(1,110,181)
Total Department of Public Works	1,447,487	-	1,119,575	-	-	-	(327,912)	-	-	(327,912)
Economic Development Corporation										
Community and Economic Development	837		22,223					21,386		21,386
Total Economic Development Corporation	837	-	22,223	-	-	-	-	21,386	-	21,386
Drain Commission										
Public Works	145,709	3,633	24,997						\$ (117,079)	(117,079)
Interest on Related Debt	15,028								(15,028)	(15,028)
Total Drain Commission	\$ 160,737	\$ 3,633	\$ 24,997	\$ -	-	-	-	-	(132,107)	(132,107)
General Revenues										
Property Taxes					1,673,318	130,762				1,804,080
Investment Earnings						28,231				28,231
Insurance Recovery					13,039					13,039
Gain on Equipment Disposal					120,354					120,354
Total General Revenues and Special Items					1,806,711	158,993	-	-	-	1,965,704
Change in Net Assets					3,100,107	38,505	(327,912)	21,386	(132,107)	2,699,979
Net Assets--Beginning of Year					53,831,964	1,593,450	441,695	796,124	1,566,109	58,229,342
Restatement to Net Assets								22,829		22,829
Restated Net Assets--Beginning of Year					53,831,964	1,593,450	441,695	818,953	1,566,109	58,252,171
Net Assets--End of Year					\$56,932,071	\$1,631,955	\$ 113,783	\$ 840,339	\$ 1,434,002	\$ 60,952,150

The Notes to Financial Statements are an integral part of this statement.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Buren County was incorporated in 1829 and covers an area of approximately 632 square miles in southwest lower Michigan. The county seat is located in the Village of Paw Paw. The County of Van Buren operates under an elected board of commissioners (7 members) with an appointed county administrator who assists with day-to-day operations. The County of Van Buren provides services to its more than 76,200 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The accounting policies of the County of Van Buren conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Van Buren County:

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the government's operations. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included. The component unit total is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description of each component unit). Each discretely presented component unit is reported separately in Exhibit J and K of the financial statements.

BLENDED COMPONENT UNITS

Building Authority

The Van Buren County Building Authority is governed by a 5-member Board appointed by the Van Buren County Board of Commissioners. Although legally separate from the county, the Van Buren County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the county's public buildings. The financial statements of the Van Buren County Building Authority funds have been consolidated with the county's related debt service and capital project funds.

Public Transit Corporation

The Van Buren County Transit was incorporated in the State of Michigan, under the provisions of Public Act 327 of 1931, as amended, and Public Act 284 of 1972, as amended. The Transit Corporation is not legally separate, but is administered by a 5 member board appointed by the majority of the seated county board members present and voting. The Transit Board may not issue debt and a tax levy is subject to the county board of commissioner's approval.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNITS

County Road Commission

The Van Buren County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a 3 member board of county road commissioners appointed by the county board of commissioners. The Road Commission may not issue debt without the county's approval and the tax levy is subject to the county board of commissioners' approval. The Road Commission taxes are levied under the taxing authority of the county, as approved by the county electors, and would be included as part of the county's total tax levy as well as reported in the County Road Fund as a special revenue fund.

District Public Health Department

The Van Buren/Cass County District Public Health Department is a joint venture between Van Buren and Cass Counties and was established to provide public health services. The District Health Board has representation from and provides services to Van Buren and Cass Counties. The District Public Health Department is considered a component unit of the county because it is legally separate and financially accountable to the county. Each county provides annual appropriations and passes through the statutory amounts of cigarette and hotel liquor tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Van Buren and Cass Counties to provide 60% and 40%, respectively. The financial operations of the District Health Department are recorded in the records of the County of Van Buren.

Van Buren County Drain Commissioner

Pursuant to the Drain Code of 1956, the drain commissioner has the responsibility to administer the State Drain Code. The drain commissioner is responsible for planning, developing, and maintaining surface water drainage systems within the county. The drain commissioner may issue debt or levy a tax as authorized by the Drain Code without the approval of the county board of commissioners. The combining financial statements for the Drain Commission are presented as part of supplemental schedules.

Van Buren County Department of Public Works

Pursuant to MCL 123.732, the County of Van Buren entered into a program of water supply and sanitary sewer facility construction. The Department of Public Works is under the general control of the county board of commissioners and under the immediate control of the Van Buren County Road Commission. The Department of Public Works is considered an agency of the county. The board manages water supply and sanitary sewer system construction projects that are bonded by the County of Van Buren. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the Van Buren County Board of Commissioners. The combining financial statements for the Department of Public Works are presented as part of supplemental schedules.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Van Buren County Economic Development Corporation

The Van Buren County Economic Development Corporation (EDC), which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a 9 member board of directors appointed by the Van Buren County Board of Commissioners. The EDC may not issue debt without the county's approval. The combining financial statements for the Van Buren County Economic Development Corporation are presented as part of the supplemental schedules.

Complete financial statements of the individual component units can be obtained from their respective administrative offices or from the County Clerk's Office at the courthouse.

Administrative Offices

Van Buren County Public Transit
610 David Walton Drive
Bangor, Michigan 49013

Van Buren County Road Commission
P.O. Box 156
Lawrence, Michigan 49064

Van Buren County District Public Health
57418 CR 681, Suite A
Hartford, Michigan 49057

Van Buren County Drain Commission
219 Paw Paw Street, Suite 201
Paw Paw, Michigan 49079

Van Buren County Department of Public Works
219 Paw Paw Street, Suite 201
Paw Paw, Michigan 49079

Van Buren County Economic Development Corporation
219 Paw Paw Street, Suite 201
Paw Paw, Michigan 49079

Change in Fiscal Year End

The County, District Public Health, Drain Commission, Department of Public Works, and Economic Development Corporation changed their fiscal year from December 31 to September 30. The financial statements reflect activity for the nine month period ending September 30, 2006.

Fiscal Year End Other Than September 30, 2006

The financial information presented in this report is for the nine months ended September 30, 2006, except for the following funds:

<u>Fund</u>	<u>Fund Presentation</u>	<u>Fiscal Year End</u>
Road Commission	Discrete Component Unit	December 31, 2006

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Although the county's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the county's policy to recognize revenue from the current tax levy in the subsequent year OR the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (90 days). Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The county reports the following major governmental funds:

The General Fund is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Workforce Development Fund accounts for the administration of the grants received by the subrecipient, Berrien-Cass-Van Buren Workforce Board.

Revenue Sharing Reserve Fund accounts for recording of the operating millage to be levied in the summer.

The county reports the following major proprietary funds:

The Delinquent Tax Revolving Fund accounts for money, either advanced by a county or by the issuance of general obligation limited tax notes, to pay other taxing units and various county funds for their delinquent taxes prior the 2005 tax year.

The 2005 Delinquent Tax Revolving Fund accounts for money, either advanced by a county or by the issuance of general obligation limited tax notes, to pay other taxing units and various county funds for their delinquent taxes for the 2005 tax year.

The Delinquent Tax Forfeiture Fund accounts for property forfeitures and related receivables.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the county reports the following fund type:

Internal Service Funds--These funds account for services provided to other departments or agencies of government, or to other governments, on a cost reimbursement basis. The prior audit reported four different internal service funds. The Computer Fund and Tax Services Fund have been restated to the General Fund and the Computer Mapping Fund has been restated as an enterprise fund as these three funds did not meet the criteria to be an internal service fund (See Note Q for further information on the restatements). The remaining internal service fund is the Fringe Benefit Fund, which does meet the definition of an internal service fund.

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The county has elected to consistently apply all applicable FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its proprietary operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Delinquent Tax Fund, the Transit Fund, and the Jail Commissary Fund are collection fees for delinquent taxes, busing services, and sales commissions, respectively. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the county's policy to use restricted resources first, then unrestricted resources as needed.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Inventories and Prepaid Items

Inventories are valued at cost, using the consumption method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories--Component Units

Transit--Inventories consisting of diesel fuel of \$8,987 and is valued at cost using the first-in/first-out (FIFO) method.

Road Commission--Inventories consisting of equipment parts and supplies of \$250,920 and road materials of \$656,949 are recognized using the consumption method (inventories are recorded as expenditures when they are used). Inventories are recorded at average cost which approximates market.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District Public Health--Inventory consisting of operating supplies and vaccines of \$89,571 received from the State of Michigan. Vaccine inventory on hand at year end has been reported as deferred revenue. Inventory amounts not reported as deferred revenue are equally offset by a fund balance reserve, which indicates they do not constitute "available spending resources" even though they are a component of net current assets. Inventories are stated at cost on a first in/first out basis.

Capital Assets--Primary Government

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Bus Operating Facility	12 to 20 years
Shop Equipment	3 to 10 years
Office Furniture and Equipment	3 to 10 years
Vehicles	3 to 7 years
Other Infrastructure	20 years

Capital Assets--Transit (Blended Component Unit)

Capital assets, which include property, plant, and equipment are reported in the business-type activities column in the government-wide financial statements. Capital assets are defined by the Transit as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings and Land Improvements	10 to 20 years
Buses	5 years
Other Vehicles	4 to 5 years
Furniture and Equipment	4 to 10 years

Capital Assets--Road Commission (Component Unit)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by Van Buren County Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation on Road Commission capital assets is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 50 years
Road Equipment	5 to 8 years
Shop Equipment	10 years
Engineering Equipment	4 to 10 years
Office Equipment	4 to 10 years
Infrastructure--Roads	8 to 30 years
Infrastructure--Bridges	12 to 50 years

Capital Assets--District Public Health (Component Unit)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by District Public Health as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Equipment	4 to 20 years
Building Improvements	27 years

Compensated Absences (Vacation and Sick Leave)--Primary Government

Amounts of vested or accumulated vacation leave are accrued in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "termination leave" prior to retirement.

Compensated Absences (Vacation and Sick Leave)--Transit (Blended Component Unit)

Transit employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick time.

Compensated Absences (Vacation and Sick Leave)--Road Commission (Discrete Component Unit)

Road Commission employees are granted vacation and sick leave in varying amounts based on years of service. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick time.

Compensated Absences (Vacation and Sick Leave)--District Public Health (Discrete Component Unit)

District Public Health employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick time. This amount, along with related payroll taxes, has been recorded as a liability in the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the following: assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Financing Sources (Uses)

The transfers of cash between the various county funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

Budgets are adopted by the county board of commissioners for the general and special revenue funds, except for the County Road Fund budget (special revenue--component unit), which is adopted and administered by the board of county road commissioners. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget document presents information by fund, function, department and line-items. The budget is adopted at the line-item level and control is exercised at the line-item level. The county board of commissioners monitors and amends the budgets as necessary.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

The county has not complied with certain provisions of Public Act 2 of 1968, as amended. Expenditures were incurred in excess of amounts appropriated in the amended budgets for the activities or functions of the General Fund and special revenue funds are as follows:

	Budget	Actual	Variance With Final Budget Positive (Negative)
General Fund			
Legal Fees/Attorney	\$ 105,750	\$ 419,579	\$ (313,829)
Equalization	320,843	362,513	(41,670)
MSU Extension	197,245	335,169	(137,924)
Marine Safety	57,004	58,466	(1,462)
Safe Neighborhood Federal Grant		12,421	(12,421)
Plat Board	300	484	(184)
Drains	40,000	49,944	(9,944)
Home Health Care--Indigent Care		9,550	(9,550)
Contagious Diseases	15,700	19,542	(3,842)
Casualty/Liability Insurance		156,416	(156,416)
Tax Collection Bonds		3,060	(3,060)
401a Plan Administration		16,119	(16,119)
Contingency		751	(751)
Special Revenue Fund			
Park			
Recreational and Cultural	63,000	75,000	(12,000)
MCOL Dispatch Training			
Public Safety	6,800	7,397	(597)
Planning Commission			
Community and Economic Development	4,500	4,872	(372)
Public Improvement			
General Government		7,374	(7,374)
Buffer Zone Grant			
Public Safety		21,624	(21,624)
State Homeland Security Grant 2004			
Public Safety		26,238	(26,238)
Transfers (Out)		699	(699)
State Homeland Security Grant 2005			
Public Safety	107,973	234,138	(126,165)
Court Officers			
Public Safety	88,795	111,960	(23,165)
Capital Outlay		33,708	(33,708)
Drug Enforcement--Prosecuting Attorney			
Public Safety	1,000	7,682	(6,682)
Victims Advocate			
Public Safety	200	1,719	(1,519)
Youth Services			
Public Safety	1,261	23,065	(21,804)
Housing Program Income			
Community and Economic Development	5,000	34,141	(29,141)
Revenue Sharing Reserve			
Transfers (Out)	1,200,000	1,391,187	(191,187)

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE C--CASH, CASH EQUIVALENT AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the county to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The county has designated eleven financial institutions for deposit of the county funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized investment in accordance with the State statutory authority as listed above.

At year end, Van Buren County's deposits and investments were reported in the basic financial statements in the following categories:

	Carrying Amounts				
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government	Component Units
<u>Cash and Deposits</u>					
Cash and Cash Equivalents and Investments	\$ 6,983,868	\$ 8,068,663	\$ 7,026,801	\$ 22,079,332	\$ 7,849,096
Total	<u>\$ 6,983,868</u>	<u>\$ 8,068,663</u>	<u>\$ 7,026,801</u>	<u>\$ 22,079,332</u>	<u>\$ 7,849,096</u>

Van Buren County pools all of its funds into the county's cash and investment accounts. For this reason, the individual balance of cash and investments in each of the funds cannot be distinguished. Therefore, all balances are reported as cash, cash equivalents, and investments.

The breakdown between deposits and investments, as follows:

	Primary Government	Component Units
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 15,162,079	\$ 7,848,381
Investments in Securities, Mutual Funds and Similar Vehicles	6,869,378	
Petty Cash and Cash on Hand	47,875	715
Total	<u>\$ 22,079,332</u>	<u>\$ 7,849,096</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE C--CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the county's deposits may not be recovered.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The county's policy requires the following criteria to lessen the custodial credit risk: all financial institutions holding the county's money must pledge collateral equal to the amount of the account balance for all demand and time deposits, to secure the county funds. A bank, savings and loan association or credit union holding county funds must be organized under the law of Michigan or federal law and maintain a principal office or branch office in the State of Michigan. No deposit in any financial organization may be in excess of 50 percent of the net worth of the organization.

At September 30, 2006, the bank balance of the primary government's deposits is \$16,852,149, of which \$500,000 is covered by Federal depository insurance and \$16,352,149 was collateralized with securities held by the county's agent in the county's name. The component units' deposits had a bank balance of \$8,567,382 of which \$500,000 was covered by Federal depository insurance and \$8,067,382 was collateralized with securities held by the county's agent in the county's name.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of deposits.

Public Act 35 of 1997 requires county deposits be held in a financial institution which maintains a principal office or branch office located in the State of Michigan. The county had no Common Cash deposits subject to foreign currency risk at September 30, 2006.

Types of Investments

Common Cash investments include money markets, government bonds, and US government securities.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE C--CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. The custodial credit risk, the credit risk and the interest rate risk are discussed in the following paragraphs.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the county will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either:

The counterparty; or

The counterparty's trust department or agent but not in the government's name.

The county does not have an investment policy for managing custodial credit risk. At September 30, 2006, Common Cash investments were not exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or another counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) Michigan law, the county's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE C--CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

<u>Financial Institution</u>	<u>Investment Type</u>	<u>Rated Debt Investments</u>		
		<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Institution</u>
Oppenheimer	Money Market Funds	\$ 2,265	Unrated	
	Government Agency Bonds	1,434,395	Unrated	
Chemical Bank	Money Market Sweep	2,634,639	Unrated	
	Long Term CDs	1,331,377	Unrated	
Fifth Third Bank	Local Units of Government	335,891	Aa3	Moody
Bank of New York	US Government Securities	42,468	Unrated	
CADRE Institutional Investors Trust	US Government Securities	15,519	AAA	S&P
MBIA Class	Money Market Funds	825,714	AAA	Fitch
UBS Financial	US Government Securities	247,110	Unrated	
	Total	<u>\$ 6,869,378</u>		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The county's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2006, the fair value of the county's investments are listed above with all maturities due within 12 months or less.

NOTE D--PROPERTY TAXES

Primary Government

Property Taxes

The county property tax is levied each December 1st based on the taxable valuation of property located in the county as of the preceding December 31st.

Although the county's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the county's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of county operations.

The 2005 taxable valuation of Van Buren County amounted to \$2,192,402,645 on which ad valorem taxes of 4.5517 mills were levied for the County operating purposes, .9536 mill for Ambulance operations, and .5392 for Public Safety.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE D--PROPERTY TAXES (Continued)

The 2005 current tax levied included \$9,979,159 for County Operations, \$2,090,675 for Ambulance operations, and \$1,182,144 for Public Safety. These taxes will be recorded as revenue on county records in and for the year of 2006.

The taxes receivable is recorded in the financial statements as taxes receivable--current for the summer operating millage collected with 60 days after fiscal year end.

Road Commission (Discrete Component Unit)

Property Taxes Receivable

The property tax is levied on each December 1st on the taxable valuation of property located in the county as of the preceding December 31st. The 2006 taxable valuation of the Van Buren County amounted to \$2,429,719,169, less \$796,167,451 for renaissance zones, cities, villages and other adjustments on which ad valorem taxes of .9802 mills were levied for the Road Commission for road construction purposes for a total of \$1,800,000.

The county's 2006 ad valorem tax is levied and collectible on December 1, 2006, and is reported as taxes receivable and is offset by deferred revenue at December 31, 2006.

Property Taxes

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The Road Commission's tax is levied and collectible on December 1, 2006 and is recognized as revenue in the year ended December 31, 2007, when the proceeds of the levy are budgeted and available for the financing operations.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE E--RECEIVABLES

Taxes Receivable--Delinquent

The taxes receivable--delinquent of \$3,742,051 recorded in the 2005 Delinquent Tax Revolving Fund consists of uncollected real property taxes levied in 2005. The taxes receivable--delinquent of \$1,039,584 recorded in the Delinquent Tax Revolving Fund consists of uncollected real property taxes levied prior to 2005. The delinquent real property taxes may be summarized as follows:

2005	\$ 3,742,051
2004	1,039,584
2003	84,357
2002	17,475
2001 and Prior	<u>9,732</u>
Total Delinquent Taxes Receivable	<u><u>\$ 4,893,199</u></u>

Receivables--Primary Government

The following amounts listed as accounts receivable in the primary government funds have been collected within 90 days after year end and are not offset by deferred revenue:

General Fund (Major Fund)	
Billings	\$ 12,777
Delinquent Tax Forfeitures Fund (Major Fund)	
Forfeiture Fee Receivable	15,508
Public Transit Fund (Major Fund)	
Billings	<u>33,053</u>
Total Primary Government Receivables	<u><u>\$ 61,338</u></u>

Receivables--Component Units

The receivables for the component units are presented in the financial statements as follows:

Road Commission

The Road Commission reports accounts receivable of \$42,956 as a sundry receivable for work done for residents and private companies that have not yet been collected.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE E--RECEIVABLES (Continued)

District Public Health Department

The District Public Health Department reports amounts of \$467,842 due from governmental units for various grant programs and accounts receivable for charges for services to clients and other organizations.

Loans Receivable--Housing Commission Fund (Primary Government)

The amount recorded as loans receivable is long-term mortgage notes in the Housing Commission Fund, consisting of grants and loans made to individuals pursuant to community development block grants received from the State of Michigan. Certain homes are secured with mortgages and grants with liens to qualified applicants. The mortgage interest rates vary from 0 to 3% and the grants with liens are payable upon transfer of title. The receivable is offset with deferred revenue, with revenue being recognized on a cash basis when collected. The loans were made for the purpose of repair, renovation or rehabilitation of residential buildings. At September 30, 2006, the total outstanding loans were \$1,105,202.

Loans Receivable--Economic Development Corporation (Discrete Component Unit)

The amount recorded as loans receivable in the Economic Development Corporation consists of loans made to businesses and local units of government in the county to support economic development in the county. The interest rates vary from 2.75% to 5.5% and are paid in installments as approved by the Corporation. The receivable is offset with deferred revenue, with revenue being recognized on a cash basis when collected. At September 30, 2006, the total outstanding loans were \$483,846.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS

Primary Government

Beginning Net Capital Asset Restatement

The prior list of the county's capital assets was maintained on a spreadsheet that calculated the total assets and total accumulated depreciation. However, errors in the formula of this spreadsheet led to errors in the totals for the governmental assets and respective accumulated depreciation balances.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 838,900	\$ 751,806	\$ 1,590,706
Subtotal	838,900	751,806	1,590,706
Capital Assets Being Depreciated			
Land Improvements	162,104		162,104
Buildings	18,362,725		18,362,725
Equipment	3,371,311	(49,233)	3,322,078
Subtotal	21,896,140	(49,233)	21,846,907
Less Accumulated Depreciation	(11,233,285)	42,876	(11,190,409)
Net Capital Assets Being Depreciated	10,662,855	(6,357)	10,656,498
Governmental Activities Capital Total			
Capital Assets--Net of Depreciation	<u>\$ 11,501,755</u>	<u>\$ 745,449</u>	<u>\$ 12,247,204</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 1,590,706			\$ 1,590,706
Subtotal	1,590,706	\$ -	\$ -	1,590,706
Capital Assets Being Depreciated				
Land Improvements	162,104			162,104
Buildings	18,362,725			18,362,725
Equipment	3,322,078	143,405	10,000	3,455,483
Subtotal	21,846,907	143,405	10,000	21,980,312
Less Accumulated Depreciation for				
Land Improvements	59,882	9,139		69,021
Buildings	9,111,746	437,797		9,549,543
Equipment	2,018,781	395,977	10,000	2,404,758
Subtotal	11,190,409	842,913	10,000	12,023,322
Net Capital Assets Being Depreciated	10,656,498	(699,508)	-	9,956,990
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 12,247,204</u>	<u>\$ 143,405</u>	<u>\$ 842,913</u>	<u>\$ 11,547,696</u>

Depreciation expense was charged to programs of the primary government as follows:

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 182,864
Public Safety	441,229
Health and Welfare	215,338
Recreation and Culture	3,482
Total Depreciation--Governmental Activities	<u>\$ 842,913</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

<u>Business-Type Activity--Public Transit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Building	\$ 539,671	\$ 30,305		\$ 569,976
Land Improvements	82,229			82,229
Buses	860,253	109,658		969,911
Vehicles	43,656			43,656
Furniture and Equipment	85,365			85,365
Subtotal	<u>1,611,174</u>	<u>139,963</u>	<u>\$ -</u>	<u>1,751,137</u>
Less: Accumulated Depreciation for				
Building	431,226	29,024		460,250
Land Improvements	7,500	1,500		9,000
Buses	481,158	158,180		639,338
Vehicles	38,469	3,890		42,359
Furniture and Equipment	49,706	5,203		54,909
Subtotal	<u>1,008,059</u>	<u>197,797</u>	<u>-</u>	<u>1,205,856</u>
Net Capital Assets Being Depreciated	<u>603,115</u>	<u>(57,834)</u>	<u>-</u>	<u>545,281</u>
Total Capital Assets--Net of Depreciation	<u>\$ 603,115</u>	<u>\$ 139,963</u>	<u>\$ 197,797</u>	<u>\$ 545,281</u>

Depreciation expense of \$197,797 was charged to business-type programs of the primary government.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Component Units

The following is a summary of changes in the capital assets for the Road Commission:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 68,269			\$ 68,269
Construction in Progress		\$ 2,883,774		2,883,774
Infrastructure Right of Ways	24,429			24,429
Infrastructure Land Improvements	9,981,120	881,273		10,862,393
Subtotal	10,073,818	3,765,047	\$ -	13,838,865
Capital Assets Being Depreciated				
Land Improvements	93,694	418,454		512,148
Buildings and Improvements	1,968,764	2,798	24,520	1,947,042
Road Equipment	8,170,765	425,701	460,413	8,136,053
Shop Equipment	93,171	11,320	2,514	101,977
Office Equipment	90,368	9,855	11,837	88,386
Engineers' Equipment	93,231	876	3,371	90,736
Yard and Storage	182,595			182,595
Depletable Assets	234,078			234,078
Infrastructure--Traffic Signals	134,629			134,629
Infrastructure--Bridges	7,620,545	260,093	3,001	7,877,637
Infrastructure--Roads	50,654,482	3,775,180	1,989,198	52,440,464
Total	69,336,322	4,904,277	2,494,854	71,745,745
Less Accumulated Depreciation				
Land Improvements	18,160	5,101		23,261
Buildings	645,077	61,784	24,512	682,349
Road Equipment	6,021,880	658,912	432,177	6,248,615
Shop Equipment	72,041	5,515	2,514	75,042
Office Equipment	66,235	9,642	11,836	64,041
Engineers' Equipment	73,267	8,217	3,371	78,113
Yard and Storage	82,952	13,077		96,029
Depletable Assets	149,774	886		150,660
Infrastructure--Traffic Signals	70,191	8,975		79,166
Infrastructure--Bridges	2,466,960	144,573	3,001	2,608,532
Infrastructure--Roads	19,910,111	2,941,964	1,989,198	20,862,877
Total	29,576,648	3,858,646	2,466,609	30,968,685
Net Capital Assets Being Depreciated	39,759,674	4,904,277	3,886,891	40,777,060
Total Net Capital Assets	\$ 49,833,492	\$ 8,669,324	\$ 3,886,891	\$ 54,615,925

The construction in progress is related to the new garage being built. The estimated construction cost is \$4,800,000. At December 31, 2006, the Road Commission had incurred \$2,883,774 in expenditures for construction of the garage. It is expected that the construction of the garage will be completed during the summer of 2007.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

The following is a summary of changes in the capital assets for the District Public Health Department:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Building Improvements	\$ 50,000			\$ 50,000
Equipment	292,494			292,494
Subtotal	<u>342,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>342,494</u>
Less Accumulated Depreciation for				
Building Improvements	12,655	1,389		14,044
Equipment	242,836	12,067		254,903
Subtotal	<u>255,491</u>	<u>13,456</u>	<u>-</u>	<u>268,947</u>
Net Capital Assets Being Depreciated	<u>87,003</u>	<u>(13,456)</u>	<u>-</u>	<u>73,547</u>
District Public Health--Component Unit				
Total Net Capital Assets	<u>\$ 87,003</u>	<u>\$ -</u>	<u>\$ 13,456</u>	<u>\$ 73,547</u>

The following is a summary of changes in the capital assets for the Drain Commission:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Infrastructure	\$1,213,972		\$ 85,833	\$1,128,139
Subtotal	<u>1,213,972</u>	<u>\$ -</u>	<u>85,833</u>	<u>1,128,139</u>
Less Accumulated Depreciation for				
Infrastructure	498,448	56,406	85,833	469,021
Subtotal	<u>498,448</u>	<u>56,406</u>	<u>85,833</u>	<u>469,021</u>
Net Capital Assets Being Depreciated	<u>715,524</u>	<u>(56,406)</u>	<u>-</u>	<u>659,118</u>
Drain Commission--Component Unit				
Total Net Capital Assets	<u>\$ 715,524</u>	<u>\$ -</u>	<u>\$ 56,406</u>	<u>\$ 659,118</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE G--ADVANCES AND TRANSFERS

The long-term advances to other funds, which represent long-term interfund receivables and payables that are not available to finance current operations, are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Fund</u>	<u>Advances From Other Funds</u>
Primary Government			
General Fund	<u>\$ 20,000</u>	Nonmajor Governmental	\$ 5,000
		Internal Service Fund	10,000
		Agency Fund	<u>5,000</u>
Total Primary Government	<u>\$ 20,000</u>		<u>\$20,000</u>
<u>Primary Government and Discrete Component Units</u>			
Primary Government		Component Unit	
General	<u>\$ 60,000</u>	Drain Commission	<u>\$60,000</u>
Total Primary Government	<u>\$ 60,000</u>	Total Component Unit	<u>\$60,000</u>

The 2006 operating transfers from Exhibits D, F and K can be summarized as follows:

<u>Primary Government</u>	<u>Transfers In</u>		<u>Transfers (Out)</u>
General	\$ 1,416,361	General	\$3,393,574
Nonmajor Governmental	3,550,208	Revenue Sharing Reserve	1,391,187
		Nonmajor Governmental	<u>181,808</u>
Total Primary Government	<u>\$ 4,966,569</u>		<u>\$4,966,569</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT

The long-term debt and other long-term obligations of the county's governmental funds, and the changes therein, may be summarized as follows:

<u>LONG-TERM DEBT</u>	<u>Balances 01/01/06</u>	<u>Additions (Reductions)</u>	<u>Balances 09/30/06</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>				
Van Buren County Notes Payable for 911 system with annual payments ranging from \$225,000 to \$300,000 through 2007 at interest rates ranging from 4.4% to 4.75%.	\$ 585,000	\$ (285,000)	\$ 300,000	\$ 300,000
Van Buren County Building Authority Series 1989 Refunded Bonds, maturing serially through 2009 for Human Services East Building.	385,000		385,000	
Van Buren County Building Authority Series 1997A Refunding Bonds, maturing serially through 2007 in annual amounts ranging from \$115,000 to \$165,000 and at interest rates ranging from 3.8% to 4.65%.	325,000		325,000	160,000
Van Buren County Building Authority Series 1997B Refunding Bonds, maturing serially through 2009 in annual amounts ranging from \$20,000 to \$340,000 and at interest rates ranging from 3.8% to 4.85%.	1,265,000		1,265,000	295,000
Van Buren County Building Authority Series 1997C Refunding Bonds, maturing serially through 2012 in annual amounts ranging from \$10,000 to \$120,000 and at interest rates ranging from 3.8% to 5.05%.	725,000	(90,000)	635,000	95,000
Van Buren County Building Authority Series 2000 Bonds, maturing serially through 2010 in annual amounts ranging from \$140,000 to \$240,000 and at interest rates ranging from 4.35% to 4.70%.	1,090,000	(200,000)	890,000	205,000
Vested Employee Benefits Payable	<u>857,057</u>	<u>(93,460)</u>	<u>763,597</u>	
Total Long-Term Debt - Governmental Activities	<u>\$ 5,232,057</u>	<u>\$ (668,460)</u>	<u>\$ 4,563,597</u>	<u>\$ 1,055,000</u>
<u>Business-Type Activities</u>				
Van Buren County Series 2006 bonds, due March 1, 2008, at an interest rate of 5.33% for the purchase of delinquent taxes.		\$ 5,980,000 (1,000,000)	\$ 4,980,000	
Vested Employee Benefits Payable--Transit	<u>\$ 12,396</u>		<u>12,396</u>	
Total Long-Term Debt--Business-Type Activities	<u>\$ 12,396</u>	<u>\$ 4,980,000</u>	<u>\$ 4,992,396</u>	<u>\$ -</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Discretely Presented Component Units

The following is a summary of pertinent information concerning the Road Commission's changes in long-term debt:

	<u>Balance 01/01/06</u>	<u>Additions (Reductions)</u>	<u>Balance 12/31/06</u>	<u>Due Within One Year</u>
2 Caterpillar Wheel Loaders Model 950G \$138,000 Capital Lease Dated May 3, 2002	\$ 28,776	\$ (28,776)	-	
15 Year Installment Purchase Agreement for New Garage, \$4,800,000 dated June 12, 2006		4,800,000	\$4,800,000	\$ 231,811
Vested Employee Benefits Vacation and Sick Leave	<u>265,386</u>	<u>6,885</u>	<u>272,271</u>	<u> </u>
Totals	<u><u>\$ 294,162</u></u>	<u><u>\$ 4,778,109</u></u>	<u><u>\$5,072,271</u></u>	<u><u>\$ 231,811</u></u>

The following is a summary of pertinent information concerning the District Pubic Health Department's changes in long-term debt:

	<u>Balance 01/01/06</u>	<u>Additions (Reductions)</u>	<u>Balance 09/30/06</u>
Vested Employee Benefits Vacation and Sick Leave	<u>\$168,912</u>	<u>\$19,056</u>	<u>\$187,968</u>
Totals	<u><u>\$294,162</u></u>	<u><u>\$19,056</u></u>	<u><u>\$187,968</u></u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

The following is a summary of pertinent information concerning the Department of Public Work's changes in long-term debt:

	Balances 01/01/06	Additions (Reductions)	Balances 09/30/06	Due Within One Year
1986 Sanitary Sewage Disposal System No. 6, Village of Lawrence	\$ 265,000		\$ 265,000	\$ 15,000
1997 Water Supply System Bonds, Village of Covert	600,000	\$ (300,000)	300,000	300,000
1998 Sewage Disposal and Water Supply Bonds, Casco/South Haven	5,785,000	(150,000)	5,635,000	150,000
1998 MMBA Michigan State Revolving Loan Fund, Village of Lawton	1,415,000	(85,000)	1,330,000	90,000
1998 Water Supply System No. 2, Village of Paw Paw	600,000	(40,000)	560,000	40,000
1999 Sewage Disposal and Water Supply Bonds, Casco/South Haven	150,000	(150,000)	-	
1999 Water Supply and Sewage Disposal System, City of Hartford	355,000		355,000	15,000
2000 Sewage Disposal and Water Supply Bonds, Casco/South Haven	9,555,000	(400,000)	9,155,000	400,000
2000 Sewage Disposal System No. 6, Village of Paw Paw	660,000	(25,000)	635,000	30,000
2001 Sewage Disposal System, Sister Lakes Area	9,375,000	(625,000)	8,750,000	625,000
2001 Water Supply System No. 1, Village of Paw Paw, Refunding	795,000		795,000	110,000
2002 Water Supply System, Village of Covert	4,850,000	(75,000)	4,775,000	100,000
2003 Water Supply System, Village of Covert	7,450,000	(50,000)	7,400,000	75,000
2003 Water System Treatment, Casco/South Haven	5,535,000	(50,000)	5,485,000	180,000
Total Long-Term Debt				
Department of Public Works	<u>\$47,390,000</u>	<u>\$ (1,950,000)</u>	<u>\$45,440,000</u>	<u>\$ 2,130,000</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

The following is a summary of pertinent information concerning the Drain Commission's changes in long-term debt:

	<u>Balances</u> 01/01/06	<u>Additions</u> <u>(Reductions)</u>	<u>Balances</u> 09/30/06	<u>Due Within</u> <u>One Year</u>
Drain Bonds--North Phoenix Drain	\$ 435,000	\$ (145,000)	\$290,000	\$ 145,000
Drain Note--Rogers Creek Intercounty Drain	15,000	(15,000)	-	
Drain Note--Simmons Drain	11,300	(11,300)	-	
Drain Note--Gratowski Drain	8,000	(8,000)	-	
Drain Note--Haven Sediment Basin Drain	75,000	(37,500)	37,500	37,500
Drain Note--Gruss Drain	12,000	(6,000)	6,000	6,000
Drain Note--Abernathy Drain	43,000	(21,500)	21,500	21,500
Drain Note--Millard Drain	8,700	(8,700)	-	
Drain Note--Graham Drain	18,000	(6,000)	12,000	6,000
Drain Note--Territorial Drain	60,000	(15,000)	45,000	15,000
Drain Note--Dowagiac Drain	<u>85,000</u>	<u>(28,333)</u>	<u>56,667</u>	<u>28,333</u>
Total Long-Term Debt				
Department of Public Works	<u>\$ 771,000</u>	<u>\$ (302,333)</u>	<u>\$468,667</u>	<u>\$ 259,333</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Annual Principal and Interest Requirements--Primary Government

The annual requirements to pay the principal and interest on primary government of the county's direct long-term debt obligations outstanding at September 30, 2006 are as follows:

911 System Purchase Notes

The County of Van Buren issued \$1,825,000 in Municipal Purchase Notes, Series 2000, on August 1, 2000. The notes were issued for the purpose of defraying a portion of the costs of equipping Van Buren County 911 System. The notes were issued in anticipation of and are payable solely from certain cash rental payments in amounts sufficient to pay principal of and interest on the notes when due.

<u>Year</u>	<u>Principal June</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>June 1</u>	<u>December 1</u>	
2006			\$ 7,125	\$ 7,125
2007	<u>\$300,000</u>	<u>\$7,125</u>		<u>307,125</u>
	<u>\$300,000</u>	<u>\$7,125</u>	<u>\$ 7,125</u>	<u>\$314,250</u>

Human Services East Building Bonds 1989

The County of Van Buren refunded bonds and defeased in substance \$1,380,000 of its outstanding 1989 General Obligation Bonds, carrying an interest rate between 5% and 8.5%, with new debt issued in 1997.

<u>Year</u>	<u>Principal November</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>May 1</u>	<u>November 1</u>	
2008	\$ 185,000	\$ 9,625	\$ 9,625	\$ 204,250
2009	<u>200,000</u>	<u>5,000</u>	<u>5,000</u>	<u>210,000</u>
	<u>\$385,000</u>	<u>\$14,625</u>	<u>\$ 14,625</u>	<u>\$414,250</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Department of Human Services Building Bonds 1997A

The County of Van Buren issued \$1,390,000 in Series 1997A refunding bonds on November 1, 1997. The bonds were issued for the purpose of defraying a portion of the costs of renovating the Van Buren County Department of Human Services Building. The bonds were issued in anticipation of and are payable solely from certain cash rental payments in amounts sufficient to pay principal of and interest on the notes when due.

<u>Year</u>	<u>Principal November</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>May 1</u>	<u>November 1</u>	
2007	\$ 160,000		\$ 7,476	\$ 167,476
2008	<u>165,000</u>	<u>\$ 3,836</u>	<u>3,836</u>	<u>172,672</u>
	<u>\$ 325,000</u>	<u>\$ 3,836</u>	<u>\$ 11,312</u>	<u>\$ 340,148</u>

Department of Human Services Building Bonds 1997B

The County of Van Buren issued \$3,000,000 in Series 1997B refunding bonds on November 1, 1997. The bonds were issued for the purpose of defraying a portion of the costs of equipping Van Buren County Department of Human Services Building. The bonds were issued in anticipation of and are payable solely from certain cash rental payments in amounts sufficient to pay principal of and interest on the notes when due.

<u>Year</u>	<u>Principal December</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>June 1</u>	<u>December 1</u>	
2006	\$ 295,000		\$ 29,764	\$ 324,764
2007	310,000	\$ 23,052	23,052	356,104
2008	320,000	15,845	15,845	351,690
2009	<u>340,000</u>	<u>8,245</u>	<u>8,245</u>	<u>356,490</u>
	<u>\$1,265,000</u>	<u>\$ 47,142</u>	<u>\$ 76,906</u>	<u>\$1,389,048</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Department of Human Services Building Bonds 1997C

The County of Van Buren issued \$1,220,000 in Series 1997C refunding bonds on December 1, 1997. The bonds were issued for the purpose of defraying a portion of the costs of renovations to the Van Buren County Department of Human Services Building. The bonds were issued in anticipation of and are payable solely from certain cash rental payments in amounts sufficient to pay principal of and interest on the notes when due.

Year	Principal June	Interest		Annual Total
		June 1	December 1	
2006			\$ 15,545	\$ 15,545
2007	\$ 95,000	\$ 15,545	13,336	123,881
2008	95,000	13,336	11,080	119,416
2009	100,000	11,080	8,655	119,735
2010	110,000	8,655	5,905	124,560
2011-2012	235,000	8,935	3,030	246,965
	<u>\$ 635,000</u>	<u>\$ 57,551</u>	<u>\$ 57,551</u>	<u>\$ 750,102</u>

Jail Bonds 2000

The County of Van Buren issued \$1,935,000 in Series 2000 bonds on November 8, 2000. The bonds were issued for the purpose of defraying a portion of the costs of renovations to the Van Buren County Jail. The bonds were issued in anticipation of and are payable solely from certain cash payments in amounts sufficient to pay principal of and interest on the notes when due.

Year	Principal June	Interest		Annual Total
		June 1	December 1	
2006			\$ 20,596	\$ 20,596
2007	\$ 205,000	\$ 20,596	15,932	241,528
2008	215,000	15,932	10,988	241,920
2009	230,000	10,988	5,640	246,628
2010	240,000	5,640		245,640
	<u>\$ 890,000</u>	<u>\$ 53,156</u>	<u>\$ 53,156</u>	<u>\$ 996,312</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Delinquent Tax Settlement--Enterprise Fund

The County of Van Buren issued \$5,980,000 in Series 2006 bonds, on June 9, 2006. The bonds were issued for the purpose of paying all local units the remaining balance of unpaid real property taxes. The bonds were issued in anticipation of the collection of the delinquent real taxes, issued at a 5.33% interest rate and due March 1, 2008. During the 2006 fiscal year, the county repaid \$1,000,000 of the balance due leaving a remaining balance of \$4,800,000 due in the Delinquent Tax Fund.

Annual Principal and Interest Requirements--Road Commission--Component Unit

The annual interest and principal requirements of the Road Commission's long-term borrowing may be summarized as follows:

The Road Commission purchased a new garage under a 15 year installment lease purchase agreement through LaSalle Bank. The original purchase price was \$4,800,000, with 15 annual payments of \$445,411 at an implied interest rate of 4.45%.

<u>Loan Date</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Outstanding 12/31/06</u>	<u>Held to Maturity</u>
06/12/06	\$4,800,000	4.45%	2007	\$ 231,811	\$ 213,600
			2008	242,127	203,284
			2009	252,902	192,510
			2010	264,156	181,256
			2011	275,911	169,501
			2012-2016	1,575,022	652,031
			2017-2021	<u>1,958,071</u>	<u>268,983</u>
Total				<u>\$ 4,800,000</u>	<u>\$1,881,165</u>

Annual Principal and Interest Requirements--Department of Public Works--Component Unit

The annual requirements to pay the principal and interest on the Department of Public Work's direct long-term debt obligations outstanding at September 30, 2006 are as follows:

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Sanitary Sewage Disposal System No. 6 (Village of Lawrence) General Obligation

The county issued \$495,000 Sewage Disposal System No. 6 (General Obligation Limited Tax) (Village of Lawrence) in 1986. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing sewage disposal system improvements to serve the Village of Lawrence. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal January 1	Interest		Annual Total
		January 1	July 1	
2007	\$ 15,000	\$ 6,625	\$ 6,250	\$ 27,875
2008	15,000	6,250	5,875	27,125
2009	15,000	5,875	5,500	26,375
2010	20,000	5,500	5,000	30,500
2011	20,000	5,000	4,500	29,500
2012-2016	100,000	17,500	15,000	132,500
2017-2020	80,000	5,000	3,000	88,000
	<u>\$ 265,000</u>	<u>\$ 51,750</u>	<u>\$ 45,125</u>	<u>\$ 361,875</u>

Water Supply System (Village of Covert) General Obligation

The county issued \$2,500,000 Water Supply System (General Obligation Limited Tax) (Village of Covert) issued on December 1, 1997. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply system improvements to serve the Village of Covert. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal June 1	Interest		Annual Total
		June 1	December 1	
2007	\$300,000	\$ 6,600	\$ -	\$306,600
	<u>\$300,000</u>	<u>\$ 6,600</u>	<u>\$ -</u>	<u>\$306,600</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Sanitary Sewage Disposal System and Water Supply (Casco/South Haven) General Obligation

The county issued \$6,335,000 Sewage Disposal System and Water Supply (General Obligation Limited Tax) (Casco/South Haven) issued on May 1, 1998. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing sewage disposal and water supply system improvements to serve the Casco/South Haven residents. The bonds are payable primarily from monies derived from payments to be made by the authority to the county in accordance with the terms of the contract.

Year	Principal May 1	Interest		Annual Total
		May 1	November 1	
2006			\$ 130,562	\$ 130,562
2007	\$ 150,000	\$ 130,562	125,875	406,437
2008	150,000	125,875	121,188	397,063
2009	185,000	121,188	117,025	423,213
2010	200,000	117,025	112,475	429,500
2011-2015	2,550,000	462,200	402,375	3,414,575
2016-2019	2,400,000	129,150	76,500	2,605,650
	<u>\$5,635,000</u>	<u>\$1,086,000</u>	<u>\$1,086,000</u>	<u>\$7,807,000</u>

Water Supply System (Village of Lawton) Michigan Municipal Bonds

The county issued \$1,900,000 Water Supply System (Michigan Municipal Bonds) (Village of Lawton) issued on June 25, 1998. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply system improvements to serve the Village of Lawton residents. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal April 1	Interest		Annual Total
		April 1	October 1	
2007	\$ 90,000	\$ 14,963	\$ 13,950	\$ 118,913
2008	90,000	13,950	12,938	116,888
2009	95,000	12,938	11,869	119,807
2010	95,000	11,869	10,800	117,669
2011	100,000	10,800	9,675	120,475
2012-2016	520,000	36,957	31,106	588,063
2017-2019	340,000	7,707	3,882	351,589
	<u>\$1,330,000</u>	<u>\$109,184</u>	<u>\$ 94,220</u>	<u>\$1,533,404</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Water Supply System (Village of Paw Paw) Michigan Municipal Bonds

The county issued \$827,340 Water Supply System (Michigan Municipal Bonds) (Village of Paw Paw) issued on September 29, 1998. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply system improvements to serve the Village of Paw Paw residents. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal October 1	Interest		Annual Total
		April 1	October 1	
2007	\$ 40,000	\$ 6,938	\$ 6,938	\$ 53,876
2008	40,000	6,437	6,437	52,874
2009	40,000	5,938	5,938	51,876
2010	40,000	5,437	5,437	50,874
2011	50,000	4,938	4,938	59,876
2012-2016	250,000	15,625	15,625	281,250
2017-2018	100,000	1,875	1,875	103,750
	<u>\$560,000</u>	<u>\$47,188</u>	<u>\$ 47,188</u>	<u>\$654,376</u>

Sanitary Sewage Disposal System and Water Supply (Casco/South Haven) General Obligation

The county issued \$10,390,000 Sewage Disposal System and Water Supply (General Obligation Limited Tax) (Casco/South Haven) issued on July 1, 2000. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing sewage disposal and water supply system improvements to serve the Casco/South Haven residents. The bonds are payable primarily from monies derived from payments to be made by the authority to the county in accordance with the terms of the contract.

Year	Principal May 1	Interest		Annual Total
		May 1	November 1	
2006			\$ 244,875	\$ 244,875
2007	\$ 400,000	\$ 244,875	230,875	875,750
2008	400,000	230,875	216,875	847,750
2009	400,000	216,875	202,875	819,750
2010	400,000	202,875	188,875	791,750
2011-2015	2,050,000	844,375	793,125	3,687,500
2016-2020	4,255,000	526,750	420,375	5,202,125
2021	1,250,000	31,250		1,281,250
	<u>\$ 9,155,000</u>	<u>\$2,297,875</u>	<u>\$2,297,875</u>	<u>\$13,750,750</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Water Supply and Sewage System (City of Hartford) General Obligation

The county issued \$425,000 Water Supply and Sewage System (General Obligation Limited Tax) (City of Hartford) issued on May 1, 1999. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply and sewage system improvements to serve the City of Hartford residents. The bonds are payable primarily from monies derived from payments to be made by the city to the county in accordance with the terms of the contract.

Year	Principal November 1	Interest		Annual Total
		May 1	November 1	
2006	\$ 15,000		\$ 9,029	\$ 24,029
2007	15,000	\$ 8,654	8,654	32,308
2008	15,000	8,279	8,279	31,558
2019	20,000	7,904	7,904	35,808
2010	20,000	7,404	7,404	34,808
2011-2015	125,000	28,270	28,270	181,540
2016-2020	145,000	11,647	11,647	168,294
	<u>\$ 355,000</u>	<u>\$72,158</u>	<u>\$ 81,187</u>	<u>\$508,345</u>

Sewage Disposal System (Village of Paw Paw) General Obligation

The county issued \$750,000 Sewage Disposal System (General Obligation Limited Tax) (Village of Paw Paw) issued on January 1, 2001. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing sewage disposal system improvements to serve the Village of Paw Paw residents. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal October 1	Interest		Annual Total
		April 1	October 1	
2007	\$ 30,000	\$ 15,666	\$ 14,999	\$ 60,665
2008	35,000	14,999	14,211	64,210
2009	35,000	14,211	13,415	62,626
2010	40,000	13,415	12,495	65,910
2011	40,000	12,495	11,555	64,050
2012-2016	255,000	46,259	39,908	341,167
2017-2019	200,000	10,832	5,628	216,460
	<u>\$635,000</u>	<u>\$127,877</u>	<u>\$112,211</u>	<u>\$875,088</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Sewage Disposal System (Sister Lakes Area) General Obligation

The county issued \$11,625,000 Sewage Disposal System (General Obligation Limited Tax) (Village of Paw Paw) issued on May 1, 2001. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing sewage disposal system improvements to serve the Sister Lakes Area residents. The bonds are payable primarily from monies derived from payments to be made by the authority to the county in accordance with the terms of the contract.

Year	Principal May 1	Interest		Annual Total
		May 1	November 1	
2006			\$ 204,531	\$ 204,531
2007	\$ 625,000	\$ 204,531	192,031	1,021,562
2008	625,000	192,031	179,063	996,094
2009	625,000	179,063	165,625	969,688
2010	625,000	165,625	151,875	942,500
2011-2015	3,125,000	615,625	541,875	4,282,500
2016-2020	<u>3,125,000</u>	<u>234,375</u>	<u>156,250</u>	<u>3,515,625</u>
	<u>\$8,750,000</u>	<u>\$1,591,250</u>	<u>\$ 1,591,250</u>	<u>\$11,932,500</u>

Water Supply System (Village of Paw Paw) Refunding General Obligation

The county issued \$1,195,000 Water Supply System (General Obligation Limited Tax) (Village of Paw Paw) issued on November 1, 2001. The refunded bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply system improvements to serve the Village of Paw Paw residents. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal	Interest
	November 1	November 1
2006	\$ 110,000	\$ 31,800
2007	110,000	27,742
2008	105,000	23,863
2009	105,000	19,975
2010	125,000	15,878
2011-2012	<u>240,000</u>	<u>16,140</u>
	<u>\$ 795,000</u>	<u>\$ 135,398</u>

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Water Supply System (Village of Covert) General Obligation

The county issued \$5,000,000 Water Supply System (General Obligation Limited Tax) (Village of Covert) issued on May 1, 2002. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply system improvements to serve the Village of Covert residents. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal June 1	Interest		Annual Total
		June 1	December 1	
2006			\$ 101,619	\$ 101,619
2007	\$ 100,000	\$101,619	99,869	301,488
2008	325,000	99,869	93,775	518,644
2019	325,000	93,775	87,681	506,456
2010	325,000	87,681	81,181	493,862
2011-2015	1,625,000	340,256	306,781	2,272,037
2016-2020	1,725,000	162,287	122,894	2,010,181
2021	350,000	8,313		358,313
	<u>\$ 4,775,000</u>	<u>\$893,800</u>	<u>\$ 893,800</u>	<u>\$6,562,600</u>

Water Supply System (Village of Covert) General Obligation

The county issued \$7,500,000 Water Supply System (General Obligation Limited Tax) (Village of Covert) issued on February 1, 2003. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing water supply system improvements to serve the Village of Covert residents. The bonds are payable primarily from monies derived from payments to be made by the village to the county in accordance with the terms of the contract.

Year	Principal June 1	Interest		Annual Total
		June 1	December 1	
2006			\$ 153,180	\$ 153,180
2007	\$ 75,000	\$ 153,181	152,055	380,236
2008	325,000	152,056	145,555	622,611
2019	325,000	145,556	139,055	609,611
2010	325,000	139,057	132,555	596,612
2011-2015	1,700,000	596,281	562,274	2,858,555
2016-2020	1,950,000	418,881	378,723	2,747,604
2021-2024	2,700,000	156,375	97,964	2,954,339
	<u>\$ 7,400,000</u>	<u>\$ 1,761,387</u>	<u>\$ 1,761,361</u>	<u>\$ 10,922,748</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Water System Treatment (Casco/South Haven) General Obligation

The county issued \$5,575,000 Water System Treatment (General Obligation Limited Tax) (Casco/South Haven) issued on July 1, 2000. The bonds were issued under the provisions of Public Act 185 of 1957, as amended, for the purpose of constructing sewage disposal and water supply system improvements to serve the Casco/South Haven residents. The bonds are payable primarily from monies derived from payments to be made by the authority to the county in accordance with the terms of the contract.

Year	Principal May 1	Interest		Annual Total
		May 1	November 1	
2006			\$ 112,940	\$ 112,940
2007	\$ 180,000	\$ 112,940	110,465	403,405
2008	175,000	110,465	107,840	393,305
2009	225,000	107,840	104,465	437,305
2010	300,000	104,465	99,590	504,055
2011-2015	2,145,000	417,350	372,200	2,934,550
2016-2020	2,460,000	155,200	100,760	2,715,960
	<u>\$5,485,000</u>	<u>\$1,008,260</u>	<u>\$1,008,260</u>	<u>\$7,501,520</u>

Annual Principal and Interest Requirements--Drain Commission--Component Unit

The annual requirements to pay the principal and interest on the Drain Commission's direct long-term debt obligations outstanding at September 30, 2006 are as follows:

North Phoenix Drain General Obligation

The Drain Commission issued \$725,000 (General Obligation Limited Tax) issued June 1, 2003. The bonds are payable primarily from monies derived from future special assessments levied on the residents residing on the North Phoenix Drain.

Year	Principal June 1	Interest		Annual Total
		June 1	December 1	
2006			\$ 3,226	\$ 3,226
2007	\$ 145,000	\$ 3,226	1,704	149,930
2008	145,000	1,704		146,704
	<u>\$ 290,000</u>	<u>\$ 4,930</u>	<u>\$ 4,930</u>	<u>\$299,860</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Installment Loan for Haven Sediment Base Drain

The county drain commissioner entered into a 4-year installment loan on November 15, 2003 in the amount of \$150,000 at an annual interest rate of 2.95% with Fifth Third Bank. Principal and interest requirements over the life of the loan are as follows:

<u>Year</u>	<u>Principal June 1</u>
2006	<u>\$37,500</u>
	<u><u>\$37,500</u></u>

Installment Loan for Gruss Drain

The county drain commissioner entered into a 4-year installment loan on November 15, 2003 in the amount of \$24,000 at an annual interest rate of 2.95% with Fifth Third Bank. Principal and interest requirements over the life of the loan are as follows:

<u>Year</u>	<u>Principal June 1</u>
2006	<u>\$ 6,000</u>
	<u><u>\$ 6,000</u></u>

Installment Loan for Abernathy Drain

The county drain commissioner entered into a 4-year installment loan on November 15, 2003 in the amount of \$86,000 at an annual interest rate of 2.95% with Fifth Third Bank. Principal and interest requirements over the life of the loan are as follows:

<u>Year</u>	<u>Principal June 1</u>
2006	<u>\$21,500</u>
	<u><u>\$21,500</u></u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Promissory Note for Graham Drain

The county drain commissioner entered into a 3-year promissory note on November 30, 2004 in the amount of \$18,000 at an annual interest rate of 3.67% with Ralph E. Lee Jr. and Joanne F. Lee. Principal and interest requirements over the life of the loan are as follows:

<u>Year</u>	<u>Principal June 15</u>	<u>Interest June 15</u>	<u>Annual Total</u>
2007	\$ 6,000	\$ 440	\$ 6,440
2008	<u>6,000</u>	<u>221</u>	<u>6,221</u>
	<u>\$12,000</u>	<u>\$ 661</u>	<u>\$12,661</u>

Promissory Note for Territorial Road Drain

The county drain commissioner entered into a 4-year promissory note on April 15, 2005 in the amount of \$60,000 at an annual interest rate of 3.13% with Ralph E. Lee Jr. and Joanne F. Lee. Principal and interest requirements over the life of the loan are as follows:

<u>Year</u>	<u>Principal June 15</u>	<u>Interest June 15</u>	<u>Annual Total</u>
2007	\$ 15,000	\$ 1,409	\$ 16,409
2008	15,000	942	15,942
2009	<u>15,000</u>	<u>469</u>	<u>15,469</u>
	<u>\$ 45,000</u>	<u>\$ 2,820</u>	<u>\$ 47,820</u>

Promissory Note for Dowagiac River Inter-County Drain

The county drain commissioner entered into a 3-year promissory note on June 1, 2005 in the amount of \$85,000 at an annual interest rate of 2.5% with David C. Connors. Principal and interest requirements over the life of the loan are as follows:

<u>Year</u>	<u>Principal June 15</u>	<u>Interest June 15</u>	<u>Annual Total</u>
2007	\$28,333	\$1,417	\$29,750
2008	<u>28,334</u>	<u>708</u>	<u>29,042</u>
	<u>\$56,667</u>	<u>\$2,125</u>	<u>\$58,792</u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE I--COMPENSATED ABSENCES

Vested Employee Benefits Payable

The county has an accrued liability for accumulated vested vacation, compensatory time and sick leave benefits payable for its employees. As of September 30, 2006, the accumulated vested vacation, compensatory time and sick leave benefits of the employees of various county departments were as follows:

Vested Employee Benefits Payable--Primary Government

	Vacation 09/30/06	Sick 09/30/06	Total
Vested Employee Benefits Payable			
County General Employees	\$ 199,489	\$ 195,908	\$395,397
Sheriff Department Employees	126,988	241,212	368,200
Total Vested Employee Benefits Payable	<u>\$ 326,477</u>	<u>\$437,120</u>	<u>\$763,597</u>

Substantially all county employees are entitled to certain vacation and sick pay benefits that accrue and vest under various parameters. The amounts depend upon which labor contract the employee is subject to or upon which department or fund the employee is within. Accrued benefits for all governmental fund types are reported as long-term debt.

County and Court Employees

Each employee is credited seven sick days at the beginning of the calendar year. The employees may accumulate up to 150 hours in their sick bank for all time credited from January 1, 1997, forward. Upon termination, any remaining hours accumulated after January 1, 1997 will be paid at the employee's current hourly rate of pay.

All sick hours earned prior to December 31, 1996, are frozen and designated as an employee's OLD sick bank.

Payout upon termination or retirement:

1. Employee will be paid a maximum of 325 hours.

2. <u>Rate</u>	<u>Current Rate</u>	<u>1996</u>
Less Than 10 Years of Service	0%	100%
10-14 Years of Service	50%	50%
15-19 Years of Service	75%	25%
20+ Years of Service	100%	0%

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE I--COMPENSATED ABSENCES (Continued)

Vacation is earned as follows:

- | | |
|--------------|-----------------------|
| 1. 0-2 Years | 2.89 Hours/Pay Period |
| 3-4 Years | 3.50 Hours/Pay Period |
| 5-9 Years | 4.75 Hours/Pay Period |
| 10-14 Years | 5.77 Hours/Pay Period |
| 15+ Years | 6.75 Hours/Pay Period |
2. Maximum accumulation: 225 hours.
 3. Employees shall be paid for all accrued vacation upon termination of employment.

Sheriff Department Employees

Each employee is credited seven sick days at the beginning of the calendar year. Employees may accumulate up to 320 hours in their sick bank for all time credited from January 1, 1999 forward. This will be designated as the employee's NEW sick bank. Sick time accumulated prior to January 1, 1999 will be placed in the employee's OLD sick leave bank.

Payout upon termination or retirement:

1. New Bank: Any remaining hours up to a maximum 160 will be paid at the employee's current holiday rate of pay.
2. Old Bank: Involuntary Termination of Employment--Maximum payout of 480 hours at the employee's 1998 rate of pay regardless of years of service.
3. Old Bank: Voluntary Termination and Retirement:

Years of Service with the Department

<u>Rate</u>	<u>Current Rate</u>	<u>1996</u>
Less Than 10 Years of Service	0%	100%
10-14 Years of Service	50%	50%
15-19 Years of Service	75%	25%
20+ Years of Service	100%	0%

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE I--COMPENSATED ABSENCES (Continued)

Vacation is earned at the following rates:

<u>Police Officers Labor Council (Command Unit)</u>		<u>Police Officers Labor Council (Deputies, Dispatchers and Correctional Officers)</u>	
<u>Years of Service</u>	<u>Hours Earned</u>	<u>Years of Service</u>	<u>Time Earned</u>
1 Year	40 Hours	1 Year	1 Week
2 Years	80 Hours	2 Years	2 Weeks
5 Years	120 Hours	5 Years	3 Weeks
12 Years	160 Hours	12 Years	4 Weeks
16 Years	168 Hours	15 Years	4 Weeks, 3 Days
17 Years	176 Hours		
18 Years	184 Hours		
19 Years	192 Hours		
20 Years	200 Hours		

Employees shall be paid for all accrued vacation upon termination of employment.

Vested Employee Benefits Payable--Bus System (Enterprise Fund)

Transit employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick time. This amount is recorded as the long-term liability.

Road Commission--Component Unit

Vacation is earned in varying amounts depending on the number of years of service of an employee and is made available to employees on their anniversary dates. Vacation pay at 100% is payable to the employee when employment is severed. At December 31, 2006, there was \$107,360 recorded as vacation liability.

Union employees--Sick leave is accumulated at the rate of 4 hours per pay period for union employees, not to exceed 760 hours or 95 days. Upon retirement or death of an employee, the employee or his estate shall receive an amount equal to 50% of the sick leave credits at the hourly rate he was paid on the last day worked.

Nonunion employees--Sick leave is earned at a rate of 6 hours per month to a maximum of 54 days. Days in excess of the maximum will be paid off at a rate of 50% annually. Upon retirement or death of an employee with less than 15 years of service, the employee or his estate shall receive an amount equal to 50% of the employee's unused sick leave credits at the rate paid on the last day worked. For employees with 15 or more years of service, the employee or his estate shall receive an amount equal to 60% of the employee's unused sick leave credits at the rate paid on the last day worked to a maximum of 54 days.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE I--COMPENSATED ABSENCES (Continued)

At December 31, 2006, there was a total of \$164,911 recorded as sick leave liability for both the union and nonunion employees.

District Public Health Department--Component Unit

Employees of the Van Buren/Cass County District Public Health Department are granted vacation and sick leave in varying amounts based on years of service. Upon termination of employment, employees are paid accumulated vacation at full current rate of pay to a maximum of 25 days, and accumulated sick leave at a rate of 50% of hours accumulated up to a maximum of 750 hours (375 hours payable).

NOTE J--EMPLOYEES' RETIREMENT SYSTEM

PRIMARY GOVERNMENT, TRANSIT, DISTRICT PUBLIC HEALTH DEPARTMENT

Description of Plan and Plan Assets

Van Buren County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The service requirement for General Non-Union, P.O.L.C., Prosecutor Secretary Association, AFSCME General, Supervisory, Circuit/FOC, Probate-Juvenile Court, District Court, Court Administrative Association, and Assistant Prosecutor is computed using credited service at the time of termination of membership multiplied by the sum of 2% times the final average compensation (FAC) with a maximum benefit of 80% of FAC. The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2005.

MERS was organized pursuant to Section 12a of Public Act 156 of 1851, as amended (MCL 46.12a) State of Michigan. MERS is regulated under Public Act 427 of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

Funding Policy

All groups contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The county's pension contributions of covered payroll for the period ending December 31, 2005 were 7.41% for General Non-Union, 6.86% for P.O.L.C., 8.44% for Prosecutor Secretary Association, 7.15% for AFSCME General, 8.65% for Supervisory, 6.84% for Circuit/FOC, 6.25% for Probate-Juvenile Court, 7.07% for District Court, 9.02% for Court Administrative Association, and 3.59% Assistant Prosecutor, respectively.

If a member leaves the employ of the municipality or dies, without a retirement allowance or other benefits payable on his account, the member's accumulated contributions (with 5% interest) are refunded to the member, if living, or to the member's beneficiary.

Annual Pension Cost

During the calendar year ended December 31, 2005, the county's contributions totaled \$1,172,257 and the employee contributions totaled \$3,058,379; these contributions were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2003 and personnel agreement. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% plus a percentage based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three Year Trend Information for GASB Statement No. 27

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2003	\$ 203,447	100%	\$0
2004	282,807	100%	\$0
2005	1,172,257	100%	\$0

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

Required Supplementary Information for GASB Statement No. 27

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/03	\$2,496,994	\$ 4,695,842	\$ 2,198,848	53%	\$2,912,348	76%
12/31/04	4,386,534	7,940,619	3,554,085	55%	4,316,903	82%
12/31/05	9,154,263	15,906,227	6,751,964	58%	7,888,875	86%

Road Commission--Component Unit

Plan Description

The Van Buren County Road Commission pension plan is a single employer-defined benefit plan administered through Fifth Third Bank. The information disclosed, as of December 31, 2006, is based on information provided by Fifth Third Bank. The Van Buren County Road Commission plan had 53 active participants and 44 retirees as of January 1, 2006, the most recent period for which actuarial data was available. The plan administrator, Fifth Third Bank, did not issue a separate report for the year 2006.

The system provides retirement, disability and death benefits to plan members and their beneficiaries in accordance with the Road Commission labor agreements and personnel policies.

Funding Policy

The Road Commission has the policy to contribute the actuarially determined amount yearly. Fifth Third Bank separately identifies and reports on the contributions and earnings in a "Defined Benefit Pension Plan Account." During 2006, contributions were invested in money market investments, stocks, and bonds.

Contributions

Each employee becoming eligible to participate in the plan is required to contribute a percentage of their compensation equal to 4% or 5% for nonunion and union, respectively. The Road Commission makes contributions in accordance with the minimum recommended employer contribution required by the actuary plan. During the plan year ended December 31, 2006, the Road Commission contributions totaled \$216,079.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

The assets of the pension plan consist of money market investments, stocks, and bonds purchased under the control of Fifth Third Bank. The company currently provides monthly "statement highlights" providing a summary of balances, which provides the income and expense data accounting for the monthly changes in the Group Annuity Contract value for the General Account only. These statements provided for the audit report are effective through December 31 each year.

Schedule of Funding Progress (2)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2006	\$ 4,959,886	\$ 5,822,513	85%	\$ (862,627)	\$ 1,996,522	43%
2005	4,564,620	5,585,088	82	(1,020,468)	1,899,515	54
2004	4,316,363	5,435,019	79	(1,118,656)	2,001,070	56
2003	3,722,086	5,283,149	70	(1,561,063)	1,981,462	79
2002	3,829,869	4,965,564	77	(1,135,695)	1,825,033	62
2001	3,864,242	4,851,207	80	(986,965)	1,632,963	60
2000	3,721,962	4,543,259	81	(821,297)	1,305,284	62
1999	3,608,460	3,933,107	90	(324,647)	1,395,640	23
1998	3,240,833	3,771,938	86	(531,105)	1,407,036	38
1997	2,910,125	3,251,426	90	(341,301)	1,339,618	25

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 216,079	\$ 216,079	100%
2005	214,497	214,497	100%
2004	223,811	223,811	100%
2003	196,981	196,981	100%
2002	166,870	166,870	100%
2001	134,867	134,867	100%
2000	97,809	99,366	100%
1999	120,998	120,998	100%
1998	124,440	124,440	100%
1997	116,211	116,211	100%

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2006, the latest actuarial valuation, follows:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	(1)
Remaining Amortization Period	10 years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Investment Rate of Return	7%
Projected Salary Increases	5%

(1) Information not provided in actuarial report.

NOTE K--POST-EMPLOYMENT BENEFITS

Primary Government

In addition to providing pension benefits, Van Buren County has elected to provide post-employment health benefits to retirees of the county. The Van Buren County Board of Commissioners established the plan and may amend it and the related contribution requirements, subject to the county's various collective bargaining agreements. The county also pays the full cost of coverage for these benefits on a pay-as-you-go basis. Also, retirees can purchase coverage for their dependants at the county's group rates. Currently, 7 retirees are eligible for post-employment health benefits. For the nine months ended September 30, 2006, the county made payments for the post-employment health benefit premiums of \$41,051. The county obtains health coverage through private insurers.

Component Unit

The Road Commission provides post-employment health and dental care benefits, in accordance with labor contracts and personnel policy, to all employees who retire under the provisions of the Van Buren County Road Commission Pension Plan or completing 15 years of service; after having attained age 62 or more, the Road Commission will pay set premiums as listed below or 100% (depending on the plan) of the premium or subscription rate for the continuance of the hospital and surgical coverage for the employee and his/her then eligible spouse. The Road Commission will also continue to pay set premiums as listed below or 100% (depending on the plan) of the premium or subscription rate for the health insurance for widows of employees who have had 15 or more years of service with the Road Commission or widows of employees who are killed on the job. Currently, 36 retirees met those eligibility requirements. Expenditures for post-employment health care benefits are recognized when insurance premiums are paid. Premiums paid by the Road Commission in 2006 totaled \$235,380 less \$33,105 reimbursed by retirees for a net total cost of \$202,275.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE K--POST-EMPLOYMENT BENEFITS (Continued)

As of January 1, 2006, the Road Commission will begin paying the following maximum contributions toward health, dental and vision insurance premiums:

Single:	Up to \$429/month
Two-Person:	Up to \$984/month
Family:	Up to \$1,132/month

NOTE L--DEFERRED COMPENSATION PLAN

Primary Government, Transit, District Public Health Department

Van Buren County offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC), Section 401. Effective January 1, 1997, the assets of the plan were held in a trust, custodial account or annuity contract described in IRC Section 401(a) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian for the exclusive benefit of the participants and beneficiaries of these Section 401 plans and the assets may not be diverted to any other use. The administrator (Nationwide Retirement Solutions) is an agent of the employer. The administrator provides direction to the custodian, from time to time, regarding the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the county's financial statements.

Component Unit--Road Commission

The Van Buren County Board of Road Commissioners offers all Road Commission employees deferred compensation plans created in accordance with the Internal Revenue Code, Section 457 with Comprehensive Financial Services, Inc. The assets of the plans were held in a trust, custodial account or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian thereof for the exclusive benefit of the participants and beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time to the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32 requirements, plan balances and activities are not reflected in the Road Commission's financial statements.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE M--RISK MANAGEMENT

PRIMARY GOVERNMENT

The county is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

The county participates in the Michigan Municipal League Liability and Property Pool (MMLLPP) for general and automobile liability, motor vehicle physical damage and property damage coverage. The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

<u>Coverage</u>	<u>Limit of Liability</u>
Municipal General Liability	\$10,000,000
Public Officials Liability	\$10,000,000
Law Enforcement Liability	\$10,000,000
Employment Benefit Liability	\$1,000,000
Automobile Benefit Liability	\$10,000,000
Combined Liability Policy Limit	\$10,000,000

Workers' Compensation

The county is a member of the Michigan Municipal League Worker's Compensation Fund. Full statutory coverage for workers' disability compensation and employers' liability is guaranteed by the fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611, Paragraph (2) of the Workers' Disability Compensation Act of 1969, as amended.

At September 30, 2006, there were no claims that exceeded insurance coverage. The county had no significant reduction in insurance coverage from previous years.

Component Unit-Road Commission

The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool) pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE M--RISK MANAGEMENT (Continued)

The Pool operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. If for any reason the Pool's resources available to pay losses are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

The Road Commission pays an annual premium to the Pool for property coverage (buildings and contents), automobile and equipment liability, trunkline liability, errors and omissions and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board. Commercial insurance was purchased for health care benefits and workers compensation insurance through the Accident Fund of Michigan.

At December 31, 2006, there were no claims which exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years. Settled claims for the Road Commission have not exceeded the amount of insurance coverage in any of the past 3 years.

District Public Health

The District Public Health Department participates in the Michigan Municipal League Liability and Property Pool (MMLLPP) for general and automobile liability, motor vehicle physical damage and property damage coverages. The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The District Public Health Department is a member of the Michigan Municipal League Workers' Compensation Fund. Full statutory coverage for workers' disability compensation and employers' liability is guaranteed by the fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611, Paragraph (2) of the Workers' Disability Compensation Act of 1969, as amended.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE N--FEDERAL FINANCIAL ASSISTANCE

Workforce Development Board

The Berrien-Cass-Van Buren Private Industry Council, Inc. was organized in 1983 as a private, nonprofit corporation to administer Federal and State employment and training funds in Berrien, Cass, and Van Buren Counties. During 1996, the Berrien-Cass-Van Buren Workforce Development Board, Inc., doing business as Michigan Works Berrien-Cass-Van Buren, was formed under the direction of a newly created board of directors. On May 1, 1996, the Workforce Development Board assumed responsibility for all contracts and grants previously administered by the Private Industry Council; and the Private Industry Council ceased to exist.

Van Buren County acts as the grant recipient of most of the job training funds received from the State of Michigan. Van Buren County has contracted the Berrien-Cass-Van Buren Workforce Development Board, Inc. to serve as the administrative entity, which involves administration of the day to day operations of the employment and training programs. During the nine months ending September 30, 2006, \$5,832,370 was received by Van Buren County and was turned over to the Berrien-Cass-Van Buren Workforce Development Board, Inc. The Berrien-Cass-Van Buren Workforce Development Board, Inc., is audited separately with a single audit also being performed on the funds received. Further information in regards to the audit can be obtained by contacting the Berrien-Cass-Van Buren Workforce Development Board, Inc., Benton Harbor, Michigan.

Road Commission--Component Unit

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2006, the Federal aid received and expended by the Road Commission was \$633,368 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission.

NOTE O--RESTATEMENT OF NET ASSETS/FUND BALANCE

Restatement of General Fund's Fund Balance

When Van Buren County began offering a 401a plan to its employees, the county contracted a private company to administer the program. The expenses paid to this company to administer this program were paid from Fund 734, Pension Trust Fund. This fund should not have been created since the employees' contributions are not assets of the county. The result is years of expenses posted to this fund instead of an expense of the General Fund. The fund balance has been restated to reduce the beginning balance by \$183,752 for these expenses. The current year administrative costs have been posted to the General Fund.

COUNTY OF VAN BUREN

NOTES TO FINANCIAL STATEMENTS

NOTE O--RESTATEMENT OF NET ASSETS/FUND BALANCE (Continued)

Internal Service Funds are used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis. The county set up a Computer Fund as an internal service fund. This fund was used to account for the expenses for computer maintenance paid to outside organizations and was financed through an appropriation from the General Fund. The remaining expenses for the Computer Department were expensed as an activity in the General Fund. This does not meet the definition of an internal service fund and has been closed into the General Fund reducing the balance by \$915.

The county also has a Tax Services Fund set up as an Internal Service Fund. This fund has not been utilized for years and again does not meet the definition of an internal service fund. The Tax Services Fund has been closed into the General Fund increasing the fund balance by \$25,643.

	<u>General Fund</u>
From Exhibit D	
Fund Balance--January 1, 2006	\$ 170,845
Subtract Expenses From Pension Trust Fund	(183,752)
Subtract Closing of Computer Fund	(915)
Add Closing of Tax Services Fund	<u>25,643</u>
Restated Net Assets--January 1, 2006	<u><u>\$ 11,821</u></u>

Restatement of Business-Type Activities

The county currently has a Computer Mapping Fund classified as an internal service fund. This fund charges other local units of government, title agencies, and private individuals for services rendered. This meets the criteria of an enterprise fund, not an internal service fund. The beginning net asset amount has been reclassified to reduce the governmental activities net assets and increase the business-type activities by \$13,083.

	<u>Business-Type Activities</u>
From Exhibit F and G	
Net Assets--January 1, 2006	\$ 7,573,092
Add Increase From Computer Mapping Fund	<u>13,083</u>
Restated Net Assets--January 1, 2006	<u><u>\$ 7,586,175</u></u>

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE O--RESTATEMENT OF NET ASSETS/FUND BALANCE (Continued)

Restatement of Economic Development Corporation's Fund Balance/Net Assets

When the Van Buren County Economic Development Corporation was established, the Corporation was in control of all of its cash and related bank accounts. Over time, this function was turned over to the control of the county treasurer. However, not all funds have been turned over to the county treasurer. As of September 30, 2006, \$22,829 in the form of a checking account, savings account, and two certificates of deposit were still under the control of the Corporation's treasurer. Fund balance and net assets have been restated and increased to include this balance.

	<u>Fund Balance</u>	<u>Net Assets</u>
From Exhibit K and EDC-B		
Beginning Balance--January 1, 2006	\$ 411,582	\$ 796,124
Add Unrecorded Cash Balance	<u>22,829</u>	<u>22,829</u>
Restated Beginning Balance--January 1, 2006	<u><u>\$ 434,411</u></u>	<u><u>\$ 818,953</u></u>

Restatement of Governmental Activities Net Assets

The restatement to the beginning net assets of the governmental activities is due to the following:

1. Increase in capital asset valuation described in capital asset note increased net assets \$745,449.
2. Reclassification of expenses from the Pension Trust Fund as described above decreased net assets \$183,752.
3. Removal of capital asset balance and erroneous balances from Computer Internal Service Fund, now closed, decreased net assets \$5,003.
4. Removal of erroneous accounts receivable balance from the Tax Services Internal Services Fund, now closed, decreased net assets \$7,926.
5. Reduction of Payroll Fund Advance increased net assets \$5,000.
6. Reclassification of Computer Mapping Internal Service Fund as an Enterprise Fund decreased net assets \$13,083.
7. To record the loans receivable issued by the County Housing Commission increases net assets \$1,114,577.

COUNTY OF VAN BUREN
NOTES TO FINANCIAL STATEMENTS

NOTE O--RESTATEMENT OF NET ASSETS/FUND BALANCE (Continued)

	<u>Governmental Activities</u>
From Exhibit B	
Net Assets--January 1, 2006	\$12,186,621
Add Increase in Capital Assets	745,449
Subtract Expenses From Pension Trust Fund	(183,752)
Subtract Capital Assets and Others From Computer Fund	(5,920)
Subtract Receivable From Tax Services Fund	(7,926)
Add Payroll Advance	5,000
Subtract Computer Mapping Reclassification	(13,083)
Add Recording of Housing Loans	<u>1,114,577</u>
Restated Net Assets--January 1, 2006	<u><u>\$13,840,966</u></u>

NOTE P--JUDGMENT PAYABLE

In October 2006, Van Buren County settled a lawsuit with a former employee of the Drain Commissioner's Office for \$325,000. The settlement will be paid in installments of \$39,069.44 for the former employee and \$15,097.23 for his attorney. The installments are due on November 1, 2006, May 1, 2007, November 1, 2007, May 1, 2008, November 1, 2008, and May 1, 2009. As of September 30, 2006, the balance of the voucher payable in the General Fund is \$325,000.

VAN BUREN COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT K

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and Penalties	\$10,522,462	\$10,522,462	\$ 9,933,258	\$ (589,204)
Licenses and Permits	131,150	131,150	95,015	(36,135)
Federal Grants	1,082,874	1,082,874	657,154	(425,720)
State Grants	2,743,022	2,743,022	1,155,929	(1,587,093)
Contributions From Local Units	641,502	641,502	455,227	(186,275)
Charges for Services	2,956,100	2,956,100	2,274,538	(681,562)
Fines and Forfeits	135,000	135,000	162,731	27,731
Interest and Rentals	971,352	971,352	870,835	(100,517)
Other Revenue	16,800	16,800	98,145	81,345
Total Revenues	19,200,262	19,200,262	15,702,832	(3,497,430)
Expenditures				
Current				
General Government	8,470,183	8,470,183	6,871,678	1,598,505
Public Safety	4,622,091	4,622,091	3,108,200	1,513,891
Public Works	48,000	48,000	57,696	(9,696)
Health and Welfare	1,026,430	1,026,430	779,238	247,192
Other	195,500	195,500	200,165	(4,665)
Capital Outlay	15,530	15,530	15,530	-
Total Expenditures	14,377,734	14,377,734	11,032,507	3,345,227
Excess of Revenues Over (Under) Expenditures	4,822,528	4,822,528	4,670,325	(152,203)
Other Financing Sources (Uses)				
Interfund Transfers In--Primary Government	20,000	20,000	1,416,361	1,396,361
Interfund Transfers (Out)	(5,002,868)	(5,002,868)	(3,393,574)	1,609,294
Total Other Financing Sources (Uses)	(4,982,868)	(4,982,868)	(1,977,213)	3,005,655
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(160,340)	(160,340)	2,693,112	2,853,452
Fund Balance--January 1, 2006	170,845	170,845	170,845	-
Restatement to Fund Balance	-	-	(159,024)	(159,024)
Restated Fund Balance--January 1, 2006	170,845	170,845	11,821	(159,024)
Fund Balance--September 30, 2006	\$ 10,505	\$ 10,505	\$ 2,704,933	\$ 2,853,452

VAN BUREN COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
WORKFORCE INVESTMENT ACT
MAJOR SPECIAL REVENUE FUND
For the Nine Months Ended September 30, 2006

EXHIBIT L

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Federal Grants	\$ 9,000,000	\$ 9,000,000	\$ 5,832,370	\$(3,167,630)
Total Revenues	9,000,000	9,000,000	5,832,370	(3,167,630)
Expenditures				
Community and Economic Development	9,000,000	9,000,000	5,832,370	3,167,630
Total Expenditures	9,000,000	9,000,000	5,832,370	3,167,630
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance--January 1, 2006	-	-	-	-
Fund Balance--September 30, 2006	\$ -	\$ -	\$ -	\$ -

The Notes to Financial Statements are an integral part of this statement.

VAN BUREN COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
REVENUE SHARING RESERVE
MAJOR SPECIAL REVENUE FUND
For the Nine Months Ended September 30, 2006

EXHIBIT M

	<u>BUDGETED AMOUNTS</u>			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,100,000	\$ 3,100,000	-	\$ (3,100,000)
Total Revenues	3,100,000	3,100,000	\$ -	(3,100,000)
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	3,100,000	3,100,000	-	(3,100,000)
Other Financing Sources (Uses)				
Interfund Transfers (Out)	(1,200,000)	(1,200,000)	(1,391,187)	(191,187)
Total Other Financing Sources (Uses)	(1,200,000)	(1,200,000)	(1,391,187)	(191,187)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,900,000	1,900,000	(1,391,187)	(3,291,187)
Fund Balance--January 1, 2006	-	-	4,223,446	4,223,446
Fund Balance--September 30, 2006	\$ 1,900,000	\$ 1,900,000	\$ 2,832,259	\$ 932,259

The Notes to Financial Statements are an integral part of this statement.

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2006**

EXHIBIT N

	SPECIAL REVENUE FUNDS									
	Sheriff's Extra Voted Millage	Kal-Haven Trail	Ambulance Millage	Friend of the Court	Court Equity	Jail Enhancement	Collection Agency	60% Justice Training	Central Dispatch	Dispatch Training
<u>ASSETS</u>										
Cash and Investments	\$ 354,128	\$ 21,701	\$ 645,296	\$ 46,888	\$ 418	\$ 27,386	\$ 114,399	\$ 11,984	\$ 71,767	\$ 2,039
Accounts Receivable										
Due From State								6,498		
Total Assets	<u>\$ 354,128</u>	<u>\$ 21,701</u>	<u>\$ 645,296</u>	<u>\$ 46,888</u>	<u>\$ 418</u>	<u>\$ 27,386</u>	<u>\$ 114,399</u>	<u>\$ 18,482</u>	<u>\$ 71,767</u>	<u>\$ 2,039</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Accounts Payable	\$ 3,579			\$ 11,978			\$ 12,921		\$ 1,531	\$ 453
Due to State										
Accrued Liabilities	28,018			34,682		\$ 230	3,383		21,359	
Other Liabilities										
Deferred Revenue										
Long-Term Advance--Primary Government										
Total Liabilities	<u>31,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>46,660</u>	<u>\$ -</u>	<u>230</u>	<u>16,304</u>	<u>\$ -</u>	<u>22,890</u>	<u>453</u>
Fund Balances										
Reserved for										
Capital Expenditures										
Unreserved--Undesignated	322,531	21,701	645,296	228	418	27,156	98,095	18,482	48,877	1,586
Total Fund Balances	<u>322,531</u>	<u>21,701</u>	<u>645,296</u>	<u>228</u>	<u>418</u>	<u>27,156</u>	<u>98,095</u>	<u>18,482</u>	<u>48,877</u>	<u>1,586</u>
Total Liabilities and Fund Balances	<u>\$ 354,128</u>	<u>\$ 21,701</u>	<u>\$ 645,296</u>	<u>\$ 46,888</u>	<u>\$ 418</u>	<u>\$ 27,386</u>	<u>\$ 114,399</u>	<u>\$ 18,482</u>	<u>\$ 71,767</u>	<u>\$ 2,039</u>

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2006**

**EXHIBIT N
(CONTINUED)**

	SPECIAL REVENUE FUNDS									
	911 Wireless	Planning Commission	Local Emergency Planning Committee	Public Improvement	Weapons of Mass Destruction 2002	Terrorism Planning 2003	REP Equipment Grant	Threat Assessment Grant	Weapons of Mass Destruction 2004	Homeland Security Grant 2004
<u>ASSETS</u>										
Cash and Investments	\$ 58,356	\$ 500	\$1,983	\$ 27						
Accounts Receivable										
Due From State										
Total Assets	\$ 58,356	\$ 500	\$1,983	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>LIABILITIES AND FUND BALANCES</u>										
Accounts Payable		\$ 500								
Due to State										
Accrued Liabilities	\$ 1,568									
Other Liabilities										
Deferred Revenue										
Long-Term Advance--Primary Government										
Total Liabilities	\$ 1,568	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances										
Reserved for										
Capital Expenditures										
Unreserved--Undesignated	56,788		1,983	27						
Total Fund Balances	56,788	-	1,983	27	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 58,356	\$ 500	\$1,983	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2006**

**EXHIBIT N
(CONTINUED)**

	SPECIAL REVENUE FUNDS								
	Law Enforcement Terrorism Prevention	Buffer Zone Grant	Homeland Security Grant 2005	Human Services West	Register of Deeds Automation	Distaster Contingency	Remonumentation	Crime Victims Rights	Courthouse Security
<u>ASSETS</u>									
Cash and Investments			\$ (69,136)	\$ 43,892	\$ 342,536	\$ 5,000	\$ 4,800	\$ 7,458	\$ 19,416
Accounts Receivable Due From State			71,264				43,996	23,296	
Total Assets	\$ -	\$ -	\$ 2,128	\$ 43,892	\$ 342,536	\$ 5,000	\$ 48,796	\$ 30,754	\$ 19,416
<u>LIABILITIES AND FUND BALANCES</u>									
Accounts Payable Due to State			\$ 202	\$ 2,777			\$ 12,199	\$ 1,633	
Accrued Liabilities Other Liabilities			1,926					2,320	\$ 3,139
Deferred Revenue Long-Term Advance--Primary Government						\$ 5,000			
Total Liabilities	\$ -	\$ -	2,128	2,777	\$ -	5,000	12,199	3,953	3,139
Fund Balances Reserved for Capital Expenditures Unreserved--Undesignated			-	41,115	342,536		36,597	26,801	16,277
Total Fund Balances	-	-	-	41,115	342,536	-	36,597	26,801	16,277
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 2,128	\$ 43,892	\$ 342,536	\$ 5,000	\$ 48,796	\$ 30,754	\$ 19,416

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2006**

**EXHIBIT N
(CONTINUED)**

	SPECIAL REVENUE FUNDS									
	Court Officers	Drug Enforcement Federal	Drug Enforcement State	Drug Enforcement Prosecuting Attorney	Law Library	Safe Neighborhood Grant	Victims Advocates	Sex Offender Registration	Corrections Training	Youth Services
<u>ASSETS</u>										
Cash and Investments	\$51,976	\$ 62,002	\$ (236)	\$ 2,064	\$ 1,893	\$(1,365)	\$ 30,502	\$ 830	\$ 32,949	
Accounts Receivable										
Due From State			6,358			3,463				
Total Assets	\$51,976	\$ 62,002	\$ 6,122	\$ 2,064	\$ 1,893	\$ 2,098	\$ 30,502	\$ 830	\$ 32,949	\$ -
<u>LIABILITIES AND FUND BALANCES</u>										
Accounts Payable			\$ 750		\$ 1,768				\$ 257	
Due to State										
Accrued Liabilities	\$ 3,348		1,924			\$ 2,097			4,966	
Other Liabilities			3,447							
Deferred Revenue										
Long-Term Advance--Primary Government										
Total Liabilities	3,348	\$ -	6,121	\$ -	\$ 1,768	2,097	\$ -	\$ -	5,223	\$ -
Fund Balances										
Reserved for										
Capital Expenditures										
Unreserved--Undesignated	48,628	62,002	1	2,064	125	1	30,502	830	27,726	
Total Fund Balances	48,628	62,002	1	2,064	125	1	30,502	830	27,726	-
Total Liabilities and Fund Balances	\$51,976	\$ 62,002	\$ 6,122	\$ 2,064	\$ 1,893	\$ 2,098	\$ 30,502	\$ 830	\$ 32,949	\$ -

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2006**

**EXHIBIT N
(CONTINUED)**

	SPECIAL REVENUE FUNDS									
	Community Corrections	Housing Program Income	Housing	Substance Abuse	Courthouse Restoration	Social Welfare	Family Counseling	Child Care	Veteran's Trust	Soldiers' and Sailors' Relief
<u>ASSETS</u>										
Cash and Investments	\$ 21,692	\$ 6,718	\$ 42,623	\$ (855)	\$ 3,752	\$ 124,526	\$ 34,724	\$ (86,554)	\$ 1,354	\$ 52
Accounts Receivable		1,105,202								
Due From State	28,746			16,138		43,367		419,770		
Total Assets	\$ 50,438	\$ 1,111,920	\$ 42,623	\$ 15,283	\$ 3,752	\$ 167,893	\$ 34,724	\$ 333,216	\$ 1,354	\$ 52
<u>LIABILITIES AND FUND BALANCES</u>										
Accounts Payable	\$ 1,552			\$ 11,080				\$ 39,281		
Due to State						\$ 61,000		205,064		
Accrued Liabilities	3,651			1,259				6,551		
Other Liabilities										
Deferred Revenue		1,105,202								
Long-Term Advance--Primary Government										
Total Liabilities	5,203	\$ 1,105,202	\$ -	12,339	\$ -	61,000	\$ -	250,896	\$ -	\$ -
Fund Balances										
Reserved for										
Capital Expenditures										
Unreserved--Undesignated	45,235	6,718	42,623	2,944	3,752	106,893	34,724	82,320	1,354	52
Total Fund Balances	45,235	6,718	42,623	2,944	3,752	106,893	34,724	82,320	1,354	52
Total Liabilities and Fund Balances	\$ 50,438	\$ 1,111,920	\$ 42,623	\$ 15,283	\$ 3,752	\$ 167,893	\$ 34,724	\$ 333,216	\$ 1,354	\$ 52

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2006**

**EXHIBIT N
(CONTINUED)**

	DEBT SERVICE FUNDS					CAPITAL PROJECT FUNDS		
	911 System	Building Authority 1990 DSS Building 1997B	Building Authority 1989 HSE Building 1997A	Building Authority 1991 HSW Building 1997C	Building Authority Jail	911 System	Building Authority Jail	Total
<u>ASSETS</u>								
Cash and Investments						\$ 34,433	\$ 23,952	\$ 2,097,870
Accounts Receivable								1,105,202
Due From State								662,896
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,433	\$ 23,952	\$ 3,865,968
<u>LIABILITIES AND FUND BALANCES</u>								
Accounts Payable								\$ 102,461
Due to State								266,064
Accrued Liabilities								120,421
Other Liabilities								3,447
Deferred Revenue								1,105,202
Long-Term Advance--Primary Government								5,000
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,602,595
Fund Balances								
Reserved for								
Capital Expenditures						34,433	23,952	58,385
Unreserved--Undesignated								2,204,988
Total Fund Balances	-	-	-	-	-	34,433	23,952	2,263,373
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,433	\$ 23,952	\$ 3,865,968

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT O

	SPECIAL REVENUE FUNDS									
	Sheriff's Extra Voted Millage	Kal-Haven Trail	Ambulance Millage	Friend of the Court	Court Equity	Jail Enhancement	Collection Agency	60% Justice Training	Central Dispatch	Dispatch Training
Revenues										
Taxes	\$ 1,157,505		\$ 2,047,777							
Licenses and Permits										
Federal Grants										
State Grants								\$ 12,600		\$ 5,099
Contributions From Local Units										
Charges for Services		\$ 75,677		\$ 77,985		\$ 6,370	\$ 79,725		\$ 255,864	
Fines and Forfeits										
Interest and Rentals			31,231	3,056						
Other										
Total Revenues	1,157,505	75,677	2,079,008	81,041	\$ -	6,370	79,725	12,600	255,864	5,099
Expenditures										
General Government				942,376	39,141					
Public Safety	771,703					6,423	85,263	4,900	599,253	7,397
Health and Welfare			1,440,000							
Community and Economic Development										
Recreation and Cultural		75,000								
Capital Outlay	73,646						11,421			
Principal										
Interest and Fees										
Total Expenditures	845,349	75,000	1,440,000	942,376	39,141	6,423	96,684	4,900	599,253	7,397
Excess of Revenue Over (Under)										
Expenditures	312,156	677	639,008	(861,335)	(39,141)	(53)	(16,959)	7,700	(343,389)	(2,298)
Other Financing Sources (Uses)										
Interfund Transfers In--Primary Government				861,401	39,200				391,731	
Interfund Transfers (Out)--Primary Government	(78,785)									
Total Other Financing Sources (Uses)	(78,785)	-	-	861,401	39,200	-	-	-	391,731	-
Excess of Revenues and Other Sources Over (Under)										
Expenditures and Other Uses	233,371	677	639,008	66	59	(53)	(16,959)	7,700	48,342	(2,298)
Fund Balance--January 1, 2006	89,160	21,024	6,288	162	359	27,209	115,054	10,782	535	3,884
Fund Balance--September 30, 2006	\$ 322,531	\$ 21,701	\$ 645,296	\$ 228	\$ 418	\$ 27,156	\$ 98,095	\$ 18,482	\$ 48,877	\$ 1,586

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT O
(CONTINUED)

SPECIAL REVENUE FUNDS										
	911 Wireless	Planning Commission	Local Emergency Planning Committee	Public Improvement	Weapons of Mass Destruction 2002	Terrorism Planning 2003	REP Equipment Grant	Threat Assessment Grant	Weapons of Mass Destruction 2004	Homeland Security Grant 2004
Revenues										
Taxes										
Licenses and Permits										
Federal Grants										\$ 26,937
State Grants	\$ 81,398									
Contributions From Local Units										
Charges for Services										
Fines and Forfeits										
Interest and Rentals										
Other										
Total Revenues	81,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	26,937
Expenditures										
General Government				7,374						
Public Safety	78,483		5,472							26,238
Health and Welfare										
Community and Economic Development		4,872								
Recreation and Cultural										
Capital Outlay										
Principal										
Interest and Fees										
Total Expenditures	78,483	4,872	5,472	7,374	-	-	-	-	-	26,238
Excess of Revenue Over (Under)										
Expenditures	2,915	(4,872)	(5,472)	(7,374)	-	-	-	-	-	699
Other Financing Sources (Uses)										
Interfund Transfers In--Primary Government		4,872		6,700						
Interfund Transfers (Out)--Primary Government	(77,500)				(9,253)	(13,838)	(417)	(1,219)	(97)	(699)
Total Other Financing										
Sources (Uses)	(77,500)	4,872	-	6,700	(9,253)	(13,838)	(417)	(1,219)	(97)	(699)
Excess of Revenues and Other										
Sources Over (Under)										
Expenditures and Other Uses	(74,585)	-	(5,472)	(674)	(9,253)	(13,838)	(417)	(1,219)	(97)	-
Fund Balance--January 1, 2006	131,373		7,455	701	9,253	13,838	417	1,219	97	-
Fund Balance--September 30, 2006	\$ 56,788	\$ -	\$ 1,983	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT O
(CONTINUED)

	SPECIAL REVENUE FUNDS								
	Law Enforcement Terrorism Prevention	Buffer Zone Grant	Homeland Security Grant 2005	Human Services West	Register of Deeds Automation	Distaster Contingency	Remonumentation	Crime Victims Rights	Courthouse Security
Revenues									
Taxes									
Licenses and Permits									
Federal Grants		\$ 21,274	\$ 234,138						
State Grants							\$ 99,439	\$ 85,957	
Contributions From Local Units							54,411		
Charges for Services					\$ 86,710				
Fines and Forfeits									
Interest and Rentals				\$ 96,072	10,178				
Other	\$ (1,522)						1,315	171	
Total Revenues	(1,522)	21,274	234,138	96,072	96,888	\$ -	155,165	86,128	\$ -
Expenditures									
General Government					33,573		112,418		
Public Safety		21,624	234,138					62,719	49,567
Health and Welfare				81,106					
Community and Economic Development									
Recreation and Cultural									
Capital Outlay							9,100		
Principal									
Interest and Fees									
Total Expenditures	-	21,624	234,138	81,106	33,573	-	121,518	62,719	49,567
Excess of Revenue Over (Under)									
Expenditures	(1,522)	(350)	-	14,966	63,315	-	33,647	23,409	(49,567)
Other Financing Sources (Uses)									
Interfund Transfers In--Primary Government	1,522	350					11,250		65,763
Interfund Transfers (Out)--Primary Government									
Total Other Financing									
Sources (Uses)	1,522	350	-	-	-	-	11,250	-	65,763
Excess of Revenues and Other									
Sources Over (Under)									
Expenditures and Other Uses	-	-	-	14,966	63,315	-	44,897	23,409	16,196
Fund Balance--January 1, 2006	-	-	-	26,149	279,221		(8,300)	3,392	81
Fund Balance--September 30, 2006	\$ -	\$ -	\$ -	\$ 41,115	\$ 342,536	\$ -	\$ 36,597	\$ 26,801	\$ 16,277

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT O
(CONTINUED)

	SPECIAL REVENUE FUNDS									
	Court Officers	Drug Enforcement Federal	Drug Enforcement State	Drug Enforcement Prosecuting Attorney	Law Library	Safe Neighborhood Grant	Victims Advocates	Sex Offender Registration	Corrections Training	Youth Services
Revenues										
Taxes										
Licenses and Permits										
Federal Grants			\$ 25,829			\$ 1,996				
State Grants										
Contributions From Local Units										
Charges for Services	\$ 65,089		1,137					\$ 70	\$ 25,128	
Fines and Forfeits		\$ 60,218	10,381	\$ 4,919	\$ 6,500					
Interest and Rentals										
Other							\$ 299			
Total Revenues	65,089	60,218	37,347	4,919	6,500	1,996	299	70	25,128	\$ -
Expenditures										
General Government					21,487					
Public Safety	111,960	2,351	58,856	7,682		29,502	1,719	50	21,895	23,065
Health and Welfare										
Community and Economic Development										
Recreation and Cultural										
Capital Outlay	33,708									
Principal										
Interest and Fees										
Total Expenditures	145,668	2,351	58,856	7,682	21,487	29,502	1,719	50	21,895	23,065
Excess of Revenue Over (Under)										
Expenditures	(80,579)	57,867	(21,509)	(2,763)	(14,987)	(27,506)	(1,420)	20	3,233	(23,065)
Other Financing Sources (Uses)										
Interfund Transfers In--Primary Government			21,510		15,050	27,507				23,001
Interfund Transfers (Out)--Primary Government										
Total Other Financing Sources (Uses)	-	-	21,510	-	15,050	27,507	-	-	-	23,001
Excess of Revenues and Other Sources Over (Under)										
Expenditures and Other Uses	(80,579)	57,867	1	(2,763)	63	1	(1,420)	20	3,233	(64)
Fund Balance--January 1, 2006	129,207	4,135	-	4,827	62	-	31,922	810	24,493	64
Fund Balance--September 30, 2006	\$ 48,628	\$ 62,002	\$ 1	\$ 2,064	\$ 125	\$ 1	\$ 30,502	\$ 830	\$ 27,726	\$ -

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT O
(CONTINUED)

	SPECIAL REVENUE FUNDS									
	Community Corrections	Housing Program Income	Housing	Substance Abuse	Courthouse Restoration	Social Welfare	Family Counseling	Child Care	Soldiers' and Sailors' Relief	Veterans' Trust
Revenues										
Taxes										
Licenses and Permits							\$ 7,275			
Federal Grants			\$ 10,858	\$ 66,933				\$ 3,152		
State Grants	\$ 182,758							773,124		\$11,236
Contributions From Local Units										
Charges for Services	23,859							171,726		
Fines and Forfeits										
Interest and Rentals										
Other		\$ 9,375			\$ 540	\$ 342,935				
Total Revenues	\$ 206,617	9,375	10,858	66,933	540	342,935	7,275	948,002	\$ -	11,236
Expenditures										
General Government										
Public Safety	174,817			69,371						
Health and Welfare						336,805	2,296	2,265,682	1,000	10,790
Community and Economic Development		34,141	11,455							
Recreation and Cultural										
Capital Outlay										
Principal										
Interest and Fees										
Total Expenditures	174,817	34,141	11,455	69,371	-	336,805	2,296	2,265,682	1,000	10,790
Excess of Revenue Over (Under)										
Expenditures	31,800	(24,766)	(597)	(2,438)	540	6,130	4,979	(1,317,680)	(1,000)	446
Other Financing Sources (Uses)										
Interfund Transfers In--Primary Government								1,400,000	1,000	
Interfund Transfers (Out)--Primary Government										
Total Other Financing										
Sources (Uses)	-	-	-	-	-	-	-	1,400,000	1,000	-
Excess of Revenues and Other										
Sources Over (Under)										
Expenditures and Other Uses	31,800	(24,766)	(597)	(2,438)	540	6,130	4,979	82,320	-	446
Fund Balance--January 1, 2006	13,435	31,484	43,220	5,382	3,212	100,763	29,745	-	52	908
Fund Balance--September 30, 2006	\$ 45,235	\$ 6,718	\$ 42,623	\$ 2,944	\$ 3,752	\$ 106,893	\$ 34,724	\$ 82,320	\$ 52	\$ 1,354

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT O
(CONTINUED)

	DEBT SERVICE FUNDS					CAPITAL PROJECT FUNDS		
	911 System	Building Authority 1990 DSS Building 1997B	Building Authority 1989 HSE Building 1997A	Building Authority 1991 HSW Building 1997C	Building Authority Jail	911 System	Building Authority Jail	Total
Revenues								
Taxes								\$ 3,205,282
Licenses and Permits								7,275
Federal Grants								391,117
State Grants								1,251,611
Contributions From Local Units								54,411
Charges for Services								869,340
Fines and Forfeits								82,018
Interest and Rentals						\$ 944	\$ 758	142,239
Other								353,113
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	944	758	6,356,406
Expenditures								
General Government								1,156,369
Public Safety								2,454,448
Health and Welfare								4,137,679
Community and Economic Development								50,468
Recreation and Cultural								75,000
Capital Outlay								127,875
Principal	285,000			90,000	200,000			575,000
Interest and Fees	13,823	29,876	17,326	17,705	25,621			104,351
Total Expenditures	298,823	29,876	17,326	107,705	225,621	-	-	8,681,190
Excess of Revenue Over (Under)								
Expenditures	(298,823)	(29,876)	(17,326)	(107,705)	(225,621)	944	758	(2,324,784)
Other Financing Sources (Uses)								
Interfund Transfers In--Primary Government	298,823	29,876	17,326	107,705	225,621			3,550,208
Interfund Transfers (Out)--Primary Government								(181,808)
Total Other Financing Sources (Uses)	298,823	29,876	17,326	107,705	225,621	-	-	3,368,400
Excess of Revenues and Other Sources Over (Under)								
Expenditures and Other Uses	-	-	-	-	-	944	758	1,043,616
Fund Balance--January 1, 2006	-	-	-	-	-	33,489	23,194	1,219,757
Fund Balance--September 30, 2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,433	\$ 23,952	\$ 2,263,373

VAN BUREN COUNTY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
September 30, 2006

EXHIBIT P

	BUSINESS-TYPE ACTIVITIES--NON-MAJOR ENTERPRISE FUNDS					
	Summer Tax Collection	Homestead Denial Interest	Computer Mapping	Public Transit	Jail Commissary	Total Non-Major Funds
<u>ASSETS</u>						
Current Assets						
Cash and Cash Equivalents		\$ 2,516	\$ 17,175	\$ 43,540	6,460	\$ 69,691
Receivables						
Accounts				33,053		33,053
Due From State				12,796		12,796
Inventory				8,987		8,987
Prepaid Insurance				16,737		16,737
Total Current Assets	\$ -	2,516	17,175	115,113	6,460	141,264
Noncurrent Assets						
Capital Assets--Net of Accumulated Depreciation				545,281		545,281
Total Noncurrent Assets	-	-	-	545,281	-	545,281
Total Assets	\$ -	\$ 2,516	\$ 17,175	\$ 660,394	\$ 6,460	\$ 686,545
<u>LIABILITIES</u>						
Current Liabilities						
Accounts Payable				\$ 13,414	\$ 1,692	\$ 15,106
Accrued Liabilities				11,294		11,294
Total Current Liabilities	\$ -	\$ -	\$ -	24,708	1,692	26,400
Noncurrent Liabilities						
Accrued Compensated Absences				12,396		12,396
Total Noncurrent Liabilities	-	-	-	12,396	-	12,396
Total Liabilities	-	-	-	37,104	1,692	38,796
<u>NET ASSETS</u>						
Invested in Capital Assets						
Net of Related Debt				545,281		545,281
Unrestricted		2,516	17,175	78,009	4,768	102,468
Total Net Assets	\$ -	\$ 2,516	\$ 17,175	\$ 623,290	\$ 4,768	\$ 647,749

VAN BUREN COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS--NON-MAJOR ENTERPRISE FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT Q

	BUSINESS-TYPE ACTIVITIES--NON-MAJOR ENTERPRISE FUNDS					
	Summer Tax Collection	Homestead Denial Interest	Computer Mapping	Public Transit	Jail Commissary	Total Non-Major Enterprise Funds
Operating Revenues						
Charges for Services	\$ 14,927	\$ 5,763	\$ 4,092	\$ 301,324	\$ 71,025	\$ 397,131
Total Operating Revenues	14,927	5,763	4,092	301,324	71,025	397,131
Operating Expenses						
Salaries and Wages				258,763		258,763
Fringe Benefits				179,226		179,226
Contractual Services				53,137		53,137
Materials and Supplies	14,927	9,100		103,210	67,757	194,994
Utilities				17,139		17,139
Casualty and Liability Costs				11,831		11,831
Depreciation				197,797		197,797
Other				2,800		2,800
Total Operating Expenses	14,927	9,100	-	823,903	67,757	915,687
Operating Income (Loss)	-	(3,337)	4,092	(522,579)	3,268	(518,556)
Nonoperating Revenues (Expenses)						
State Operating Grants				239,864		239,864
Federal Operating Grants				90,682		90,682
Contributions From Other Units				10,217		10,217
Interest Earned on Investments				1,153		1,153
Other				7,687		7,687
Total Nonoperating Revenues (Expenses)	-	-	-	349,603	-	349,603
Income (Loss) Before Contributions	-	(3,337)	4,092	(172,976)	3,268	(168,953)
Capital Contributions				140,066		140,066
Change in Net Assets	-	(3,337)	4,092	(32,910)	3,268	(28,887)
Total Net Assets--January 1, 2006	-	5,853	-	656,200	1,500	663,553
Restatement to Net Assets	-	-	13,083	-	-	13,083
Restated Net Assets--January 1, 2006	-	5,853	13,083	656,200	1,500	676,636
Total Net Assets--September 30, 2006	\$ -	\$ 2,516	\$ 17,175	\$ 623,290	\$ 4,768	\$ 647,749

VAN BUREN COUNTY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT R

	BUSINESS-TYPE ACTIVITIES--NON-MAJOR ENTERPRISE FUNDS					
	Summer Tax Collection	Homestead Denial Interest	Computer Mapping	Public Transit	Jail Commissary	Total Enterprise Funds
Cash Flows From Operating Activities						
Cash Received From Customers	\$ 14,927	\$ 5,763	\$ 4,092	\$ 317,716	\$ 71,025	\$ 413,523
Cash Payments to Employees for Services and Benefits				(670,841)		(670,841)
Cash Payments to Suppliers for Goods and Services	(14,927)	(9,100)		43,800	(66,234)	(46,461)
Net Cash Provided by Operating Activities	-	(3,337)	4,092	(309,325)	4,791	(303,779)
Cash Flows From Noncapital Financing Activities						
State and Federal Grants				340,763		340,763
Net Cash Provided by Noncapital Financing Activities	-	-		340,763	-	340,763
Cash Flows From Capital and Related Financing Activities						
Capital Assistance Grants				140,066		140,066
Capital Assets Purchased With Capital Assistance				(139,963)		(139,963)
Net Cash Provided by Capital and Related Financing Activities	-	-		103	-	103
Cash Flows From Investing Activities						
Interest on Cash Equivalents				1,153		1,153
Other				7,687		7,687
Net Cash Provided by Investing Activities	-	-		8,840	-	8,840
Net Increase (Decrease) in Cash and Cash Equivalents	-	(3,337)	4,092	40,381	4,791	45,927
Cash and Cash Equivalents at Beginning of Year	-	5,853	13,083	3,159	1,669	23,764
Cash and Cash Equivalents at End of Year	\$ -	\$ 2,516	\$ 17,175	\$ 43,540	\$ 6,460	\$ 69,691
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income (Loss)	-	\$ (3,337)	\$ 4,092	\$ (522,579)	\$ 3,268	\$ (518,556)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities						
Depreciation Expense				197,797		197,797
(Increase) Decrease in Accounts Receivable				4,511		4,511
(Increase) Decrease in Grants Receivable				11,881		11,881
(Increase) in Prepaid Insurance				1,059		1,059
(Increase) Decrease in Inventory				175		175
Increase (Decrease) in Accounts Payable				(2,169)	1,523	(646)
Net Cash Provided by Operating Activities	\$ -	\$ (3,337)	\$ 4,092	\$ (309,325)	\$ 4,791	\$ (303,779)

VAN BUREN COUNTY
COMBINING STATEMENT OF FIDUCIARY
NET ASSETS--AGENCY FUNDS
September 30, 2006

EXHIBIT S

<u>AGENCY FUNDS</u>			
	General Agency	Payroll Imprest	Total
<u>ASSETS</u>			
Cash and Investments	\$7,025,214	\$1,587	\$ 7,026,801
Total Assets	<u>\$7,025,214</u>	<u>\$1,587</u>	<u>\$ 7,026,801</u>
<u>LIABILITIES</u>			
Liabilities			
Long-Term Advance		\$5,000	\$ 5,000
Due to State of Michigan	\$6,931,461		6,931,461
Undistributed Tax Collections	145,751		145,751
Bonds Restitutions and Payable to Individuals	55,802		55,802
Other Liabilities	(107,800)		(107,800)
Other Payroll Liabilities		(3,413)	(3,413)
Total Liabilities	<u>\$7,025,214</u>	<u>\$1,587</u>	<u>\$ 7,026,801</u>

VAN BUREN COUNTY
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL--GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT T

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Taxes and Penalties				
Current Real Property Taxes	\$ 10,479,432	\$10,479,432	\$ 9,901,731	\$ (577,701)
Delinquent Personal Property Taxes	17,630	17,630	11,081	(6,549)
Commercial Forest Tax	1,900	1,900	-	(1,900)
Trailer Tax	9,000	9,000	6,257	(2,743)
Penalties and Interest	8,500	8,500	13,546	5,046
Administrative Fees	6,000	6,000	643	(5,357)
Total Taxes and Penalties	10,522,462	10,522,462	9,933,258	(589,204)
Licenses and Permits				
Marriage Licenses	3,000	3,000	3,530	530
Pistol Permits	6,000	6,000	4,508	(1,492)
Dog Licenses	122,150	122,150	86,977	(35,173)
Total Licenses and Permits	131,150	131,150	95,015	(36,135)
Federal Grants				
CRP--Friend of the Court	887,972	887,972	568,657	(319,315)
ADC Incentive	134,902	134,902	53,460	(81,442)
Summer Enforcement Grant	30,000	30,000	14,795	(15,205)
State Homeland Security	30,000	30,000	20,242	(9,758)
Total Federal Grants	1,082,874	1,082,874	657,154	(425,720)
State Grants				
Circuit Judge Salary Standardization	46,600	46,600	34,349	(12,251)
Circuit Court Jury Fee Grant	7,500	7,500	5,353	(2,147)
Circuit Court Juvenile Officer Grant	53,000	53,000	39,582	(13,418)
Circuit Court--Due Process Salary Standardization	45,500	45,500	34,349	(11,151)
District Court East Judge Salary Standardization	46,000	46,000	34,349	(11,651)
District Court East Caseflow Assistance	20,000	20,000	23,224	3,224
District Court East Drug Caseflow Assistance	500	500	-	(500)
District Court West Judge Salary Standardization	45,555	45,555	34,349	(11,206)
District Court West Caseflow Assistance	12,000	12,000	-	(12,000)
District Court West Drug Caseflow Assistance	500	500	-	(500)
CRP--Friend of the Court	12,996	12,996	10,002	(2,994)
Probate Court Judge Salary	100,242	100,242	78,483	(21,759)
Probate Judge Salary Standardization	45,724	45,724	34,293	(11,431)
Probate Court Jury Fee Grant	100	100	-	(100)
Voters Registration	1,000	1,000	13,026	12,026
Clerk Drug Caseflow	750	750	817	67
Welfare Fraud	10,000	10,000	2,250	(7,750)
Remonumentation Grant	37,500	37,500	30,000	(7,500)
Treasurer Court Financing	530,000	530,000	339,720	(190,280)
Revenue Sharing	1,200,000	1,200,000	-	(1,200,000)
Convention Facilities Liquor Tax	268,940	268,940	261,523	(7,417)
Cigarette Tax	46,776	46,776	-	(46,776)
Liquor Law Enforcement	5,500	5,500	6,431	931

VAN BUREN COUNTY
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL--GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT T
(CONTINUED)

	BUDGETED AMOUNTS			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
State Grants (Continued)				
Sheriff Public Safety	120,000	120,000	119,833	(167)
Marine Grant	27,000	27,000	45,730	18,730
Snowmobile Grant	12,561	12,561	3,863	(8,698)
School Liaison	45,978	45,978	4,403	(41,575)
Medical Examiner	800	800	-	(800)
Total State Grants	2,743,022	2,743,022	1,155,929	(1,587,093)
Contributions From Local Units				
Keeler Township	83,030	83,030	57,437	(25,593)
South Haven Township	165,079	165,079	102,804	(62,275)
Geneva Township	87,789	87,789	59,439	(28,350)
School Liaison	-	-	30,115	30,115
Village of Gobles	77,846	77,846	50,937	(26,909)
Antwerp Township	19,347	19,347	13,747	(5,600)
Columbia Township	83,725	83,725	60,818	(22,907)
Village of Decatur	10,115	10,115	6,104	(4,011)
Hamilton Township	9,913	9,913	6,429	(3,484)
Village of Lawrence	95,408	95,408	60,647	(34,761)
Village of Bloomingdale	9,250	9,250	6,750	(2,500)
Total Contributions From Local Units	641,502	641,502	455,227	(186,275)
Charges for Services				
Board of Commissioners--Senior Drug Fee	500	500	184	(316)
Circuit Court Costs and Fees	77,500	77,500	59,342	(18,158)
District Court East Costs and Fees	542,200	542,200	375,920	(166,280)
District Court West Costs and Fees	534,200	534,200	404,928	(129,272)
Friend of the Court Services	84,500	84,500	73,504	(10,996)
Probate Court Costs and Fees	31,300	31,300	26,809	(4,491)
Administrative Fees	40,000	40,000	34,064	(5,936)
Election Fees	36,600	36,600	37,321	721
Clerk--Circuit Court Fees	232,000	233,000	196,256	(36,744)
Clerk Services	100,000	99,000	85,459	(13,541)
Equalization Department	35,175	35,175	45,375	10,200
Prosecuting Attorney Fees	3,750	3,750	1,558	(2,192)
Register of Deeds Services	744,000	744,000	578,919	(165,081)
Land Management Fees	138,075	138,075	15,761	(122,314)
Treasurer Services	46,000	46,000	36,207	(9,793)
MSU Extension Services	-	-	3,025	3,025
Soil Erosion Fees--Drain Commissioner	32,000	32,000	21,622	(10,378)
Sheriff Services	271,550	271,550	263,819	(7,731)
Animal Control Services	6,250	6,250	13,810	7,560
Medical Examiner	500	500	655	155
Total Charges for Services	2,956,100	2,956,100	2,274,538	(681,562)

VAN BUREN COUNTY
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL--GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT T
(CONTINUED)

	BUDGETED AMOUNTS		Variance With
	Original	Final	Final Budget Positive (Negative)
Fines and Forfeits			
Circuit Court Bond Forfeiture	-	-	220
District Court East Fines and Forfeitures	72,000	72,000	(4,866)
District Court West Fines and Forfeitures	53,000	53,000	10,616
Clerk Bond Forfeitures	10,000	10,000	21,761
Total Fines and Forfeits	135,000	135,000	27,731
Interest and Rents			
Interest Earned	150,250	150,250	109,729
Rentals	821,102	821,102	(210,246)
Total Interest and Rents	971,352	971,352	(100,517)
Other Revenues			
Cash Over/Short	50	50	4,353
Reimbursements	16,000	16,000	13,250
Contributions/Donations	750	750	1,101
Insurance Claim Reimbursement	-	-	54,246
Unemployment--Public Transit	-	-	8,396
Total Other Revenues	16,750	16,750	76,993
Total Revenue	19,200,262	19,200,262	(3,497,429)
Other Financing Sources			
Transfers In	20,000	20,000	1,396,361
Total Other Financing Sources	20,000	20,000	1,396,361
Total Revenues and Other Financing Sources	\$ 19,220,262	\$19,220,262	\$(2,101,068)

VAN BUREN COUNTY
STATEMENT OF EXPENDITURES AND OTHER USES
BY ACTIVITY--BUDGET AND ACTUAL--GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT U

	BUDGETED AMOUNTS			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
General Government				
Board of Commissioners	\$ 185,135	\$ 185,135	\$ 130,648	\$ 54,487
Gun Board	950	950	610	340
Audit	47,000	47,000	37,000	10,000
Legal Fees/Attorney	105,750	105,750	419,579	(313,829)
Circuit Court	359,319	359,319	265,331	93,988
Circuit Court--Due Process	194,400	194,400	192,808	1,592
Family Court	974,552	974,552	761,899	212,653
Family Court--Due Process	194,000	194,000	149,497	44,503
District Court East	780,382	780,382	526,233	254,149
District Court East--Due Process	65,000	65,000	54,716	10,284
District Court West	707,689	707,689	516,171	191,518
District Court West--Due Process	74,000	74,000	73,066	934
Jury Board	5,500	5,500	5,033	467
Probate Court	335,057	335,057	240,237	94,820
Probate Court--Due Process	25,000	25,000	23,922	1,078
State Probation	7,450	7,450	5,289	2,161
Administrator	233,928	233,928	204,409	29,519
Elections	69,000	69,000	51,071	17,929
Clerk	433,995	433,995	305,549	128,446
Equalization	320,843	320,843	362,513	(41,670)
Prosecuting Attorney	693,166	693,166	521,440	171,726
Register of Deeds	197,941	197,941	146,526	51,415
Land Management	221,019	221,019	8,751	212,268
Treasurer	271,290	271,290	182,591	88,699
MSU Extension	197,245	197,245	335,169	(137,924)
Computer Department	269,894	269,894	219,579	50,315
Building and Grounds	1,083,287	1,083,287	836,900	246,387
Drain Commission	158,391	158,391	96,243	62,148
Postage	129,000	129,000	97,338	31,662
Telephone	130,000	130,000	101,560	28,440
Total General Government	8,470,183	8,470,183	6,871,678	1,598,505
Public Safety				
Sheriff	274,415	274,415	240,985	33,430
Sheriff Road Patrol	1,155,039	1,155,039	747,685	407,354
Secondary Road Patrol	155,869	155,869	102,568	53,301
Marine Safety	57,004	57,004	58,466	(1,462)
Snowmobile Grant	16,749	16,749	2,050	14,699
Summer Enforcement Grant	30,000	30,000	13,242	16,758
Keeler Township	83,030	83,030	55,617	27,413
South Haven Township	165,079	165,079	96,394	68,685
Geneva Township	87,258	87,258	52,713	34,545

VAN BUREN COUNTY
STATEMENT OF EXPENDITURES AND OTHER USES
BY ACTIVITY--BUDGET AND ACTUAL--GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT U
(CONTINUED)

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Public Safety (Continued)				
School Liaison	61,305	61,305	36,747	24,558
Village of Gobles	77,846	77,846	49,855	27,991
Antwerp Township	19,347	19,347	14,641	4,706
Columbia Township	83,725	83,725	55,758	27,967
Village of Decatur	10,115	10,115	6,941	3,174
Hamilton Township	9,913	9,913	7,056	2,857
Village of Lawrence	95,408	95,408	56,498	38,910
Village of Bloomingdale	9,017	9,017	6,090	2,927
Safe Neighborhood Federal Grant	-	-	12,421	(12,421)
Jail	1,412,713	1,412,713	909,161	503,552
U.S. Marshall Grant	137,705	137,705	100,795	36,910
Alternative Work Program	64,696	64,696	40,692	24,004
Food Service	267,500	267,500	187,358	80,142
Plat Board	300	300	484	(184)
Emergency Services	92,052	92,052	62,800	29,252
Animal Control	256,006	256,006	191,183	64,823
Total Public Safety	4,622,091	4,622,091	3,108,200	1,513,891
Public Works				
Drains	40,000	40,000	49,944	(9,944)
Public Works	8,000	8,000	7,752	248
Total Public Works	48,000	48,000	57,696	(9,696)
Health and Welfare				
Home Health Care--Indigent Care	-	-	9,550	(9,550)
Contagious Diseases	15,700	15,700	19,542	(3,842)
Medical Examiner	129,588	129,588	78,403	51,185
Human Services	23,215	23,215	23,215	-
Veterans' Burials	11,000	11,000	7,990	3,010
Health Department	275,540	275,540	206,656	68,884
Mental Health Department	270,000	270,000	202,500	67,500
Health Department--Convention Tax	135,824	135,824	130,762	5,062
Health Department--Cigarette Tax	27,563	27,563	-	27,563
Health Department--Jail Health	126,000	126,000	91,620	34,380
Health Department--Medical Examiner	12,000	12,000	9,000	3,000
Total Health and Welfare	1,026,430	1,026,430	779,238	247,192

VAN BUREN COUNTY
STATEMENT OF EXPENDITURES AND OTHER USES
BY ACTIVITY--BUDGET AND ACTUAL--GENERAL FUND
For the Nine Months Ended September 30, 2006

EXHIBIT U
(CONTINUED)

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Other				
Fringe Benefits	165,000	165,000	23,819	141,181
Casualty/Liability Insurance	-	-	156,416	(156,416)
Tax Collection Bonds	-	-	3,060	(3,060)
Unemployment	30,500	30,500	-	30,500
401a Plan Administration			16,119	(16,119)
Contingency	-	-	751	(751)
Total Other	195,500	195,500	200,165	(4,665)
Capital Outlay				
Marine Safety	15,530	15,530	15,530	-
Total Capital Outlay	15,530	15,530	15,530	-
Total Expenditures	14,377,734	14,377,734	11,032,507	3,345,227
Other Financing Uses				
Interfund Transfers (Out)				
Friend of the Court	1,332,550	1,332,550	861,401	471,149
Court Equity	68,000	68,000	39,200	28,800
Central Dispatch	546,578	546,578	285,985	260,593
Planning Commission	4,500	4,500	4,872	(372)
Capital Improvement	-	-	6,700	(6,700)
Remonumentation	15,000	15,000	11,250	3,750
Courthouse Security	89,795	89,795	65,763	24,032
Law Library	15,000	15,000	15,050	(50)
Youth Services	-	-	23,001	(23,001)
Child Care	1,704,185	1,704,185	1,400,000	304,185
Soldiers Relief	2,500	2,500	1,000	1,500
Department of Public Works--Component Unit	918,562	918,562	380,529	538,033
911 System Debt Service Fund	306,198	306,198	298,823	7,375
Total Other Financing Uses	5,002,868	5,002,868	3,393,574	1,609,294
Total Expenditures and Other Financing Uses	\$19,380,602	\$19,380,602	\$ 14,426,081	\$4,954,521

VAN BUREN COUNTY
COMBINING STATEMENT OF NET ASSETS
DRAIN COMPONENT UNIT
September 30, 2006

EXHIBIT DRAIN-A

	CAPITAL PROJECTS					
	Drain	Drain Revolving	Maintenance Revolving	Drain Equipment	Lake Level	Total
<u>ASSETS</u>						
Current Assets						
Cash and Investments	\$ 692,412	\$ 5,868	\$ 16,032	\$ (2,019)	\$ 42,433	\$ 754,726
Special Assessments Receivable	308,476				6,000	314,476
Total Current Assets	1,000,888	5,868	16,032	(2,019)	48,433	1,069,202
Noncurrent Assets						
Special Assessments Receivable	241,713					241,713
Capital Assets--Net of Accumulated Depreciation	659,118					659,118
Total Noncurrent Assets	900,831	-	-	-	-	900,831
Total Assets	\$ 1,901,719	\$ 5,868	\$ 16,032	\$ (2,019)	\$ 48,433	\$ 1,970,033
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities						
Current Liabilities						
Accounts Payable	\$ 7,364					\$ 7,364
Total Current Liabilities	7,364	\$ -	\$ -	\$ -	\$ -	7,364
Noncurrent Liabilities						
Long-Term Advances From						
Primary Government--General Fund		60,000				60,000
Bonds Payable--Due Within One Year	145,000					145,000
Bonds Payable--Due in More Than One Year	145,000					145,000
Notes Payable--Due Within One Year	114,333					114,333
Notes Payable--Due in More Than One Year	64,334					64,334
Total Noncurrent Liabilities	468,667	60,000	-	-	-	528,667
Total Liabilities	476,031	60,000	-	-	-	536,031
Net Assets						
Invested in Capital Assets--Net of Related Debt	190,451					190,451
Restricted for Capital Projects	1,235,237	(54,132)	16,032	(2,019)	48,433	1,243,551
Total Net Assets	\$ 1,425,688	\$ (54,132)	\$ 16,032	\$ (2,019)	\$ 48,433	\$ 1,434,002

VAN BUREN COUNTY
COMBINING STATEMENT OF ACTIVITIES
DRAIN COMPONENT UNIT
For the Nine Months Ended September 30, 2006

EXHIBIT DRAIN-B

<u>Functions/Programs</u>	PROGRAM REVENUES				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Drain					
Governmental Activities					
Public Works	\$ 144,829	\$ 3,711	\$ 23,673		\$ (117,445)
Interest on Related Debt	15,028				(15,028)
Total Drain	159,857	3,711	23,673	\$ -	(132,473)
Drain Revolving					
Governmental Activities					
Public Works					
Total Drain Revolving	-	-	-	-	-
Maintenance Revolving					
Governmental Activities					
Public Works			105		105
Total Maintenance Revolving	-	-	105	-	105
Drain Equipment					
Governmental Activities					
Public Works					-
Total Drain Equipment	-	-	-	-	-
Lake Level					
Governmental Activities					
Public Works	880	(78)	1,219		261
Total Lake Level	\$ 880	\$ (78)	\$ 1,219	\$ -	\$ 261
Change in Net Assets					\$ (132,107)
Net Assets--Beginning of Year					1,566,109
Net Assets--End of Year					<u>\$ 1,434,002</u>

**VAN BUREN COUNTY
COMBINING BALANCE SHEET
DRAIN--COMPONENT UNIT
GOVERNMENTAL FUNDS
September 30, 2006**

EXHIBIT DRAIN-C

CAPITAL PROJECTS						
	Drain	Drain Revolving	Maintenance Revolving	Drain Equipment	Lake Level	Total
<u>ASSETS</u>						
Cash and Investments	\$ 692,412	\$ 5,868	16,032	\$ (2,019)	\$ 42,433	\$ 754,726
Special Assessments Receivable	550,189				6,000	556,189
Due From Other Funds--Component Units		62,032	22,083	2,019		86,134
Total Assets	<u>\$ 1,242,601</u>	<u>\$ 67,900</u>	<u>\$ 38,115</u>	<u>\$ -</u>	<u>\$ 48,433</u>	<u>\$ 1,397,049</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities						
Accounts Payable	\$ 7,364					\$ 7,364
Due to Other Funds--Component Units	67,190				\$ 18,944	86,134
Long-Term Advances From Primary Government		\$ 60,000				60,000
Deferred Revenue	550,189				6,000	556,189
Total Liabilities	<u>624,743</u>	<u>60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>24,944</u>	<u>709,687</u>
Fund Equity						
Fund Balance						
Reserved For Capital Projects	617,858	7,900	38,115	-	23,489	687,362
Total Fund Equity	<u>617,858</u>	<u>7,900</u>	<u>38,115</u>	<u>-</u>	<u>23,489</u>	<u>687,362</u>
Total Liabilities and Fund Equity	<u>\$ 1,242,601</u>	<u>\$ 67,900</u>	<u>\$ 38,115</u>	<u>\$ -</u>	<u>\$ 48,433</u>	<u>\$ 1,397,049</u>
Fund Balance--Total Governmental Funds						\$ 687,362
Amounts reported for governmental activities in the Statement of Net Assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						659,118
The long-term special assessments are not considered "available" in governmental funds, but are considered earned and are recognized as revenue in the Statement of Activities.						556,189
Certain Liabilities, such as notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.						(468,667)
Total Net Assets						<u>\$ 1,434,002</u>

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES--DRAIN--COMPONENT UNIT
GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT DRAIN-D

	CAPITAL PROJECTS					
	Drain	Drain Revolving	Maintenance Revolving	Drain Equipment	Lake Level	Total
Revenues						
Charges for Services	\$ 3,198					\$ 3,198
Interest and Rentals	23,673		\$ 105		\$ 1,219	24,997
Special Assessments	338,653				12,197	350,850
Total Revenues	365,524	\$ -	105	\$ -	13,416	379,045
Expenditures						
Current						
Public Works	93,547				880	94,427
Debt Service						
Principal	302,333					302,333
Interest on Related Debt	15,028					15,028
Total Expenditures	410,908	-	-	-	880	411,788
Excess of Revenues Over (Under) Expenditures	(45,384)	-	105	-	12,536	(32,743)
Fund Balance--January 1, 2006	663,242	7,900	38,010	-	10,953	720,105
Fund Balance--September 30, 2006	\$ 617,858	\$ 7,900	\$ 38,115	\$ -	\$ 23,489	\$ 687,362

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances--Total Governmental Funds	\$ (32,743)
Principal payments are recorded as expenditures in governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Assets.	302,333
The long-term special assessments are not considered "available" in governmental funds, but are considered earned and are recognized as revenue in the Statement of Activities.	(350,415)
Expense recorded as a long-term liability that was not recorded as an expense last year.	5,124
Depreciation is not recorded as an expense in governmental funds, but is recorded as an expense in the Statement of Activities.	(56,406)
Change in Net Assets of Governmental Activities	<u>\$ (132,107)</u>

VAN BUREN COUNTY
GOVERNMENTAL FUNDS BALANCE SHEET
STATEMENT OF NET ASSETS
ECONOMIC DEVELOPMENT CORPORATION
September 30, 2006

EXHIBIT EDC-A

	Modified Accrual Basis	Adjustments	Statement of Net Assets
ASSETS			
Cash and Investments	\$ 356,448		\$ 356,448
Loans Receivable	483,846		483,846
Interest Receivable	101		101
Total Assets	<u>\$ 840,395</u>	<u>\$ -</u>	<u>\$ 840,395</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 56		\$ 56
Deferred Revenue--Accounts Receivable	483,846	\$ (483,846)	-
Total Liabilities	<u>483,902</u>	<u>(483,846)</u>	<u>56</u>
FUND BALANCE/NET ASSETS			
Fund Balances--Unreserved	<u>356,493</u>	<u>(356,493)</u>	<u>-</u>
Total Fund Equities	<u>356,493</u>	<u>(356,493)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 840,395</u>		
Net Assets			
Restricted for Economic Development Corporation		<u>817,510</u>	<u>840,339</u>
Total Net Assets		<u>\$ 817,510</u>	<u>\$ 840,339</u>

VAN BUREN COUNTY
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
STATEMENT OF ACTIVITIES
ECONOMIC DEVELOPMENT CORPORATION
For the Nine Months Ended September 30, 2006

EXHIBIT EDC-B

	Modified Accrual Basis	Adjustments	Statement of Net Assets
Revenue			
Interest and Rents	\$ 22,223		\$ 22,223
Other Revenues	252,823	\$(252,823)	-
Total Revenue	275,046	(252,823)	22,223
Expenditures			
Community and Economic Development	352,964	(352,127)	837
Total Expenditures	352,964	(352,127)	837
Excess of Revenue Over (Under) Expenditures	(77,918)	99,304	21,386
Change in Net Assets		99,304	21,386
Fund Balance/Net Assets--Beginning of Year	411,582		796,124
Restatement to Fund Balance/Net Assets	22,829		22,829
Restated Fund Balance/Net Assets	434,411	-	818,953
Fund Balance/Net Assets--End of Year	\$ 356,493	\$ 99,304	\$840,339

VAN BUREN COUNTY
COMBINING STATEMENT OF NET ASSETS
DEPARTMENT OF PUBLIC WORKS--COMPONENT UNIT
September 30, 2006

EXHIBIT DPW-A

	DEBT SERVICE FUNDS						
	Lawrence Sewer #6	Paw Paw Water #1	Covert Water #10	Casco/South Haven Water & Sewer #1	Lawton Wastewater	Paw Paw Water #2	Casco/South Haven Water & Sewer #2
<u>ASSETS</u>							
Current Assets							
Cash and Investments	\$ 19	\$ 127,294	\$ 188	\$ 550	-	\$ 2	\$ 28
Due From Local Units of Government							
Due Within One Year	15,000	110,000	299,812	150,000	\$ 90,000	40,000	180,000
Total Current Assets	15,019	237,294	300,000	150,550	90,000	40,002	180,028
Noncurrent Assets							
Due From Local Units of Government							
Due in More Than One Year	249,981	557,706		5,484,450	1,240,000	519,998	5,304,972
Total Noncurrent Assets	249,981	557,706	-	5,484,450	1,240,000	519,998	5,304,972
Total Assets	\$ 265,000	\$ 795,000	\$ 300,000	\$ 5,635,000	\$ 1,330,000	\$ 560,000	\$ 5,485,000
<u>LIABILITIES</u>							
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Noncurrent Liabilities							
Bonds Payable--Due Within One Year	15,000	110,000	300,000	150,000	90,000	40,000	180,000
Bonds Payable--Due in More Than One Year	250,000	685,000		5,485,000	1,240,000	520,000	5,305,000
Total Noncurrent Liabilities	265,000	795,000	300,000	5,635,000	1,330,000	560,000	5,485,000
Total Liabilities	265,000	795,000	300,000	5,635,000	1,330,000	560,000	5,485,000
<u>NET ASSETS</u>							
Restricted for Debt Service	-	-	-	-	-	-	-
Restricted for Capital Projects							
Total Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

VAN BUREN COUNTY
COMBINING STATEMENT OF NET ASSETS
DEPARTMENT OF PUBLIC WORKS--COMPONENT UNIT
September 30, 2006

EXHIBIT DPW-A
(CONTINUED)

	DEBT SERVICE FUNDS						CAPITAL PROJECT FUND	
	Hartford Water & Sewer	Casco/South Haven Water & Sewer #3	Paw Paw Sewer #6	Sister Lakes Sewer	2002 Covert Water	2003 Covert Water	2003 Covert Water	Total
<u>ASSETS</u>								
Current Assets								
Cash and Investments	\$ 150	-	-	-	\$ 38	\$ 10	\$ 113,783	\$ 242,062
Due From Local Units of Government								
Due Within One Year	15,000	\$ 400,000	\$ 30,000	\$ 625,000	100,000	75,000		2,129,812
Total Current Assets	15,150	400,000	30,000	625,000	100,038	75,010	113,783	2,371,874
Noncurrent Assets								
Due From Local Units of Government								
Due in More Than One Year	339,850	8,755,000	605,000	8,125,000	4,674,962	7,324,990		43,181,909
Total Noncurrent Assets	339,850	8,755,000	605,000	8,125,000	4,674,962	7,324,990	-	43,181,909
Total Assets	\$ 355,000	\$ 9,155,000	\$ 635,000	\$ 8,750,000	\$ 4,775,000	\$ 7,400,000	\$ 113,783	\$ 45,553,783
<u>LIABILITIES</u>								
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Noncurrent Liabilities								
Bonds Payable--Due Within One Year	15,000	400,000	30,000	625,000	100,000	75,000	-	2,130,000
Bonds Payable--Due in More Than One Year	340,000	8,755,000	605,000	8,125,000	4,675,000	7,325,000	-	43,310,000
Total Noncurrent Liabilities	355,000	9,155,000	635,000	8,750,000	4,775,000	7,400,000	-	45,440,000
Total Liabilities	355,000	9,155,000	635,000	8,750,000	4,775,000	7,400,000	-	45,440,000
<u>NET ASSETS</u>								
Restricted for Debt Service	-	-	-	-	-	-		-
Restricted for Capital Projects							113,783	113,783
Total Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,783	\$ 113,783

VAN BUREN COUNTY
COMBINING STATEMENT OF ACTIVITIES
DEPARTMENT OF PUBLIC WORKS--COMPONENT UNIT
For the Nine Months Ended September 30, 2006

EXHIBIT DPW-B

<u>Functions/Programs</u>	<u>PROGRAM REVENUES</u>				
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Lawrence Sewer #6					
Interest on Related Debt	\$ 6,625		\$ 6,625		\$ -
Total Lawrence Sewer #6	6,625	\$ -	6,625	\$ -	-
Paw Paw Water #1					
Interest on Related Debt	17,069		17,069		-
Total Paw Paw Water #1	17,069	-	17,069	-	-
Covert Water #10					
Interest on Related Debt	13,237		13,237		-
Total Covert Water #10	13,237	-	13,237	-	-
Casco/South Haven Water & Sewer #1					
Interest on Related Debt	135,363		135,363		-
Total Casco/South Haven Water & Sewer #1	135,363	-	135,363	-	-
Lawton Wastewater					
Interest on Related Debt	30,881		30,881		-
Total Lawton Wastewater	30,881	-	30,881	-	-
Paw Paw Water #2					
Interest on Related Debt	14,934		14,934		-
Total Paw Paw Water #2	14,934	-	14,934	-	-
Casco/South Haven Water & Sewer #2					
Interest on Related Debt	117,428		117,428		-
Total Casco/South Haven Water & Sewer #2	117,428	-	117,428	-	-
Hartford Water and Sewer					
Interest on Related Debt	9,179		9,179		-
Total Hartford Water and Sewer	9,179	-	9,179	-	-
Casco/South Haven Water & Sewer #3					
Interest on Related Debt	259,013		259,013		-
Total Casco/South Haven Water & Sewer #3	259,013	-	259,013	-	-

VAN BUREN COUNTY
COMBINING STATEMENT OF ACTIVITIES
DEPARTMENT OF PUBLIC WORKS--COMPONENT UNIT
For the Nine Months Ended September 30, 2006

EXHIBIT DPW-B
(CONTINUED)

<u>Functions/Programs</u>	PROGRAM REVENUES				Net (Expense) Revenue
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Paw Paw Sewer #6					
Interest on Related Debt	\$ 32,158		\$ 32,158		-
Total Paw Paw Sewer #6	32,158	-	32,158	-	-
Sister Lakes Sewer					
Interest on Related Debt	217,169		217,169		-
Total Sister Lakes Sewer	217,169	-	217,169	-	-
2002 Covert Water					
Interest on Related Debt	103,069		103,069		-
Total 2002 Covert Water	103,069	-	103,069	-	-
2003 Covert Water (Debt Service Fund)					
Interest on Related Debt	154,056		154,056		-
Total 2003 Covert Water (Debt Service Fund)	154,056	-	154,056	-	-
2003 Covert Water (Capital Project Fund)					
Public Works	337,306		9,394		(327,912)
Total 2003 Covert Water (Capital Project Fund)	\$ 337,306	\$ -	\$ 9,394	\$ -	\$ (327,912)
Change in Net Assets					\$ (327,912)
Net Assets--Beginning of Year					441,695
Net Assets--End of Year					\$ 113,783

VAN BUREN COUNTY
 COMBINING BALANCE SHEET
 DEPARTMENT OF PUBLIC WORKS--COMPONENT UNIT
 GOVERNMENTAL FUNDS
 September 30, 2006

EXHIBIT DPW-C

DEBT SERVICE FUNDS

ASSETS

	Lawrence Sewer #6	Paw Paw Water #1	Covert Water #10	Casco/South Haven Water & Sewer #1	Lawton Wastewater	Paw Paw Water #2	Casco/South Haven Water & Sewer #2
Cash and Investments	\$ 19	\$ 127,294	\$ 188	\$ 550	\$ -	\$ 2	\$ 28
Total Assets	\$ 19	\$ 127,294	\$ 188	\$ 550	\$ -	\$ 2	\$ 28

LIABILITIES AND FUND BALANCES

Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances							
Reserved for							
Debt Service	19	127,294	188	550	-	2	28
Capital Expenditures							
Total Fund Balances	19	127,294	188	550	-	2	28
Total Liabilities and Fund Balances	\$ 19	\$ 127,294	\$ 188	\$ 550	\$ -	\$ 2	\$ 28

VAN BUREN COUNTY
 COMBINING BALANCE SHEET
 DEPARTMENT OF PUBLIC WORKS--COMPONENT UNIT
 GOVERNMENTAL FUNDS
 September 30, 2006

EXHIBIT DPW-C
 (CONTINUED)

	DEBT SERVICE FUNDS						CAPITAL PROJECT FUND	
	Hartford Water & Sewer	Casco/South Haven Water & Sewer #3	Paw Paw Sewer #6	Sister Lakes Sewer	2002 Covert Water	2003 Covert Water	2003 Covert Water	Total
<u>ASSETS</u>								
Cash and Investments	\$ 150	\$ -	-	-	\$ 38	\$ 10	\$ 113,783	\$ 242,062
Total Assets	\$ 150	\$ -	\$ -	\$ -	\$ 38	\$ 10	\$ 113,783	\$ 242,062
<u>LIABILITIES AND FUND BALANCES</u>								
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances								
Reserved for								
Debt Service	150	-	-	-	38	10		128,279
Capital Expenditures							113,783	113,783
Total Fund Balances	150	-	-	-	38	10	113,783	242,062
Total Liabilities and Fund Balances	\$ 150	\$ -	\$ -	\$ -	\$ 38	\$ 10	\$ 113,783	\$ 242,062
Fund Balance--Total Governmental Funds								\$ 242,062
Amounts reported for governmental activities in the Statement of Net Assets are different because:								
Certain receivables, such as due from local units of government, are not due in the current period and, therefore, are not reported in the funds.								45,311,721
Certain liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.								(45,440,000)
Total Net Assets								\$ 113,783

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--DEPARTMENT OF PUBLIC WORKS
COMPONENT UNIT--GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT DPW-D

	DEBT SERVICE FUNDS						
	Lawrence Sewer #6	Paw Paw Water #1	Covert Water #10	Casco/South Haven Water & Sewer #1	Lawton Wastewater	Paw Paw Water #2	Casco/South Haven Water & Sewer #2
Revenues							
Contributions From Local Units	\$ 6,625	\$ 144,138	\$ 313,300	\$ 285,363	\$ 115,881	\$ 54,934	\$ 292,005
Interest and Rentals							
Total Revenues	6,625	144,138	313,300	285,363	115,881	54,934	292,005
Expenditures							
Public Works							
Debt Service							
Principal			300,000	150,000	85,000	40,000	200,000
Interest and Fees	6,625	17,069	13,237	135,363	30,881	14,934	117,428
Total Expenditures	6,625	17,069	313,237	285,363	115,881	54,934	317,428
Excess of Revenue Over (Under)							
Expenditures	-	127,069	63	-	-	-	(25,423)
Fund Balance--January 1, 2006	19	225	125	550	-	2	25,451
Fund Balance--September 30, 2006	\$ 19	\$ 127,294	\$ 188	\$ 550	\$ -	\$ 2	\$ 28

VAN BUREN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--DEPARTMENT OF PUBLIC WORKS
COMPONENT UNIT--GOVERNMENTAL FUNDS
For the Nine Months Ended September 30, 2006

EXHIBIT DPW-D
(CONTINUED)

	DEBT SERVICE FUNDS						CAPITAL PROJECT FUND	
	Hartford Water & Sewer	Casco/South Haven Water & Sewer #3	Paw Paw Sewer #6	Sister Lakes Sewer	2002 Covert Water	2003 Covert Water	2003 Covert Water	Total
Revenues								
Contributions From Local Units	\$ 9,179	\$ 659,013	\$ 57,158	\$ 842,169	\$ 178,069	\$ 204,056		\$ 3,161,890
Interest and Rentals							\$ 9,394	9,394
Total Revenues	9,179	659,013	57,158	842,169	178,069	204,056	9,394	3,171,284
Expenditures								
Public Works							337,306	337,306
Debt Service								
Principal		400,000	25,000	625,000	75,000	50,000		1,950,000
Interest and Fees	9,179	259,013	32,158	217,169	103,069	154,056		1,110,181
Total Expenditures	9,179	659,013	57,158	842,169	178,069	204,056	337,306	3,397,487
Excess of Revenue Over (Under)								
Expenditures	-	-	-	-	-	-	(327,912)	(226,203)
Fund Balance--January 1, 2006	150	-	-	-	38	10	434,995	461,565
Fund Balance--September 30, 2006	\$ 150	\$ -	\$ -	\$ -	\$ 38	\$ 10	\$ 113,783	\$ 242,062

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances--Total Governmental Funds \$ (226,203)

Township contributions related to principal payments are recorded as revenues in governmental funds, but have already been recorded as revenue in the year the debt was incurred. (2,051,709)

Principal payments are recorded as expenditures in governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Assets. 1,950,000

Change in Net Assets of Governmental Activities \$ (327,912)

VAN BUREN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (1) (2)
For the Nine Months Ended September 30, 2006

SCHEDULE 1

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>PRIMARY GOVERNMENT</u>			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Michigan State Housing Development Authority			
Community Development Block Grant	14.228	Program Income	\$ 34,141
Community Development Block Grant	14.228	M-2002-5830-HOA	10,858
Total U.S. Department of Housing and Urban Development			<u>44,999</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through Grand Valley State University			
Project Safe Neighborhood	16.609	2003-GP-CX-0561	1,996
Passed Through the Michigan Family Independence Agency			
Juvenile Accountability Incentive Block Grant	16.523	JAIBG-05-80001	3,152
Passed Through the Michigan Department of Community Health			
Byrne Memorial Formula Grants	16.738	2004DBBX0052	66,933
Southwest Enforcement Team (SWET)	16.738	70888-7-06-B	25,829
Total U.S. Department of Justice			<u>97,910</u>
U.S. DEPARTMENT OF LABOR			
Passed Through the Michigan Department of Labor and Economic Growth			
Employment Services	17.207		
Employment Services		(3)	468,174
Re-Employment Services		(3)	32,578
Trade Adjustment Assistance	17.245		
TAA FY 05		(3)	66,387
TAA FY 06		(3)	27,735
Workforce Investment Act (4, 5)	17.258		
Adult		(3)	1,085,970
Administration (6)		(3)	77,941
Youth Statewide (7)		(3)	4,245
Incumbent Worker - Statewide (7)		(3)	23,094
Benton Harbor Youth Works - Statewide - FY 05 (7)		(3)	69,990
Benton Harbor Youth Works - Statewide - FY 06 (7)		(3)	12,101
Displaced Homemaker - Statewide (7)		(3)	16,548
A-Step-Statewide - PY 04 (7)		(3)	43,107
A-Step-Statewide - PY 05 (7)		(3)	10,133
One - Stop - Statewide (7)		(3)	30,559
CAEL Planning Grant - Statewide (7)		(3)	5,324
Incentive - Statewide (7)		(3)	11,542
Workforce Investment Act (4, 5)	17.259		
Youth		(3)	774,430
Administration (6)		(3)	79,490
Youth Statewide (7)		(3)	4,695
Incumbent Worker - Statewide (7)		(3)	25,541
Benton Harbor Youth Works - Statewide - FY 05 (7)		(3)	77,405
Benton Harbor Youth Works - Statewide - FY 06 (7)		(3)	13,383
Displaced Homemaker - Statewide (7)		(3)	18,301
A-Step-Statewide - PY 04 (7)		(3)	47,674
A-Step-Statewide - PY 05 (7)		(3)	11,207
One - Stop - Statewide (7)		(3)	33,797
CAEL Planning Grant - Statewide (7)		(3)	5,888
Incentive - Statewide (7)		(3)	12,765

VAN BUREN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (1) (2)
For the Nine Months Ended September 30, 2006

SCHEDULE 1
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR			
Passed Through the Michigan Department of Labor and Economic Growth (Continued)			
Workforce Investment Act (4, 5)	17.260		
Dislocated Worker		(3)	1,071,220
National Reserve		(3)	2,217
Rapid Response		(3)	5,042
Administration (6)		(3)	134,812
Youth Statewide (7)		(3)	7,008
Incumbent Worker - Statewide (7)		(3)	38,121
Benton Harbor Youth Works - Statewide - FY 05 (7)		(3)	115,529
Benton Harbor Youth Works - Statewide - FY 06 (7)		(3)	19,976
Displaced Homemaker - Statewide (7)		(3)	27,315
A-Step-Statewide - PY 04 (7)		(3)	71,154
A-Step-Statewide - PY 05 (7)		(3)	16,726
One - Stop - Statewide (7)		(3)	50,443
CAEL Planning Grant - Statewide (7)		(3)	8,788
Incentive - Statewide (7)		(3)	19,052
Unemployment Insurance (Reed Act)	17.225		
Reed Act		(3)	170,463
One - Stop FY 05		(3)	32,372
TOTAL U.S. DEPARTMENT OF LABOR			<u>4,880,242</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Michigan Department of State Police			
Summer Enforcement Grants	20.600	PT-06-37	14,795
Total U.S. Department of Transportation			<u>14,795</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Michigan Family Independence Agency and the Michigan Department of Labor and Economic Growth			
Temporary Assistance for Needy Families (4)	93.558		
Work First - FY 05		(3)	719,532
Work First - FY 06		(3)	1,822,920
Work First - Transportation to Work		(3)	84,076
Work First - FIA Support Services - FY 05		(3)	59,454
Passed Through Michigan Family Independence Agency			
Title IV-D, Child Support Enforcement (4)			
Cooperative Reimbursement Program	93.563	CS/COM-06-8003	568,667
Total U.S. Department of Health and Human Services			<u>3,254,649</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Michigan Department of State Police			
2004 State Homeland Security Grant Program	97.004	(3)	26,937
2005 State Homeland Security Grant Program	97.004	(3)	234,138
Emergency Management Performance Grant	97.042	(3)	20,242
Buffer Zone Grant	97.078	(3)	21,274
Total U.S. Department of Homeland Security			<u>302,591</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 8,595,186</u>

See the Accompanying Notes to the Schedule of Expenditures of Federal Awards.

VAN BUREN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Nine Months Ended September 30, 2006

- 1) The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Van Buren County. Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, are included on the schedule.
- 2) The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A of the county's financial statements.
- 3) Pass-through grantor's number was not available.
- 4) Program is considered a "major" program.
- 5) Denoted programs required to be clustered by the United States Department of Labor.
- 6) The Workforce Investment Act administrative cost pool expenditures are allocated to funding sources based on percentages of allocations made from each funding source.
- 7) The Workforce Investment Act Statewide Activities expenditures are allocated to funding sources based on percentages provided by the Michigan Department of Labor and Economic Growth (MDLEG).
- 8) The county administers certain Federal awards programs through subrecipients. The subrecipient, Berrien-Cass-Van Buren Workforce Development Board doing business as Michigan Works (Michigan Works) is not considered part of the County of Van Buren, Michigan reporting entity. The Federal expenditures presented in the Schedule of Expenditures of Federal Awards includes the grant awards received by the County of Van Buren (on behalf of Berrien, Cass and Van Buren Counties) passed through to Michigan Works to administer Federal and State employment and training funds for the counties. The grant expenditures include the U.S. Department of Labor in the amount of \$4,880,242 and U.S. Department of Health and Human Services Temporary Assistance for Needy Families in the amount of \$2,685,982. The expenditures included in the Schedule of Expenditures of Federal Awards are based on other auditor's financial and single audit of the Berrien-Cass-Van Buren Workforce Development Board doing business as Michigan Works fiscal year ended June 30, 2006. Michigan Works' financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

An unqualified opinion was issued on the financial statements. There were no reportable conditions disclosed by the audit of the basic financial statements. There were no instances of noncompliance with laws, regulations contracts and grants that could have a direct and material affect on the financial statements.

VAN BUREN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Nine Months Ended September 30, 2006

An unqualified opinion was issued on compliance for major programs. There were no reportable conditions related to internal controls or compliance for the major programs tested. There were no instances of noncompliance with laws, regulations contracts and grants that could have a direct and material affect on the major programs.

The major program tested were the Temporary Assistance for Needy Families (CFDA 93.558) and Workforce Investment Act Cluster (CFDA 17.258-17.260) programs. Total federal expenditures for the year ended June 30, 2006 for the major programs tested were \$6,768,515, which was approximately 88 percent of the total Federal expenditures.

Grant expenditures reported by Van Buren County for the nine-month period ending September 30, 2006 are as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Food Stamps	10.561	\$ 112,860
Employment Services	17.207	248,705
Re-Employment Services	17.207	73,462
Trade Adjustment Assistance	17.245	125,329
Workforce Investment Act:		
Workforce Investment Act - Adult	17.258	806,882
Workforce Investment Act - Youth	17.259	601,240
Workforce Investment Act - SWS/DNP	17.266	79,426
Dislocated Worker	17.260	889,308
Rapid Response	17.260	5,042
Administration	17.258, 17.259, 17.260	170,000
Benton Harbor Summer Youth Works - Statewide	17.258, 17.259, 17.260	300,000
A-Step-Statewide	17.258, 17.259, 17.260	112,549
D-Step-Statewide	17.258, 17.259, 17.260	23,645
E-Step-Statewide	17.258, 17.259, 17.260	24,000
N-Step-Statewide	17.258, 17.259, 17.260	15,948
Incumbent Worker - Statewide	17.258, 17.259, 17.260	65,756
Skilled Trade - Statewide	17.258, 17.259, 17.260	32,871
Temporary Assistance for Needy Families	93.558	1,725,000
Temporary Assistance for Needy Families Support Services	93.558	100,000
Work First - GF/GP	unknown	351,000
MPRI	unknown	54,467
		<u><u>\$ 5,917,490</u></u>

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- | | | | | |
|---|-----------------|-----|-----------------|----|
| • Material weakness(es) identified? | <u>✓</u> | Yes | <u> </u> | No |
| • Control deficiency(ies) identified that are not considered to be material weaknesses? | <u>✓</u> | Yes | <u> </u> | |
| • Noncompliance material to financial statements noted? | <u> </u> | Yes | <u>✓</u> | No |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-----------------|-----|----------|---------------|
| • Material weakness(es) identified? | <u> </u> | Yes | <u>✓</u> | No |
| • Reportable condition(s) identified that are not considered to be material weaknesses? | <u> </u> | Yes | <u>✓</u> | None reported |

Type of auditor's report issued on compliance for major programs: unqualified

- | | | | | |
|--|-----------------|-----|----------|----|
| Any audit findings disclosed that are Required to be reported in accordance with section 510(a) of Circular A-133? | <u> </u> | Yes | <u>✓</u> | No |
|--|-----------------|-----|----------|----|

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

Section I--Summary of Auditor's Results
(Continued)

Identification of Major Programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
17.258-17.260	Workforce Investment Act
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement Title IV-D

Dollar threshold used to distinguish
Between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes ✓ No

Section II--Financial Statement Findings

MATERIAL WEAKNESSES

The following conditions are considered material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of misstatements in amounts that would be material in relation to the financial statements.

Sheriff Department Receipts--Immediate Recording

Finding 2006-01

Condition: We performed a cash count and reconciliation at the Sheriff's Department on December 5, 2006. We found that 85 checks received in the mail totaling \$160,873.69 that were dated September, October and November 2006 had not been receipted, and were still in unopened envelopes. We also found that currency of \$279.00 and 326 checks totaling \$6,438.00 that were dated July, August, September, October and November 2006 had been receipted, but had not been deposited with the county treasurer. Other Sheriff Department receipts had been deposited with the county treasurer, as the last transmittal advice to the county treasurer was dated December 4, 2006.

Criteria: The Michigan Department of Treasury's Uniform Accounting Procedures Manual states that, "Each time an official receives local unit money, they must issue an official pre-numbered receipt."

Recommendation: We recommend that all money collected by the department be immediately receipted on Sheriff Department receipts.

**Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006**

MATERIAL WEAKNESSES (Continued)

Management's Response--Corrective Action Plan: Contact person is Dale Gribler, Van Buren County Sheriff, Paw Paw, Michigan 49079. Telephone (269) 657-3101.

It has been made very clear to the appropriate staff that ALL funds are to be receipted the day they are received, the receipt must indicate the type of funds (cash/check) and all checks are to be immediately endorsed as deposit only. This procedure is in place.

Sheriff Department--Department Receipts Register

Finding 2006-02

Condition: The Sheriff's Department does not have a receipts register.

Criteria: The Michigan Department of Treasury's Uniform Accounting Procedures Manual requires all local governments in Michigan that collect money to maintain receipts registers.

Recommendation: We recommend that the Sheriff's Department begin posting all receipts in numerical order to a receipts register. The receipts register must contain the receipt number, receipt date, name of payor, account classification number(s) and amount(s), and total receipt amount. The receipts register must contain totals for each account and total receipts. The register will allow the department to reconcile the receipts to the transmittal advices and county treasurer deposits and provide an audit trail for account classifications.

Management's Response--Corrective Action Plan: Contact person is Dale Gribler, Van Buren County Sheriff, Paw Paw, Michigan 49079. Telephone (269) 657-3101.

The auditor assisted the appropriate staff in developing a journal that shows the date, receipt number, the check origin, the amount, and the account the funds are deposited in is attached to the weekly transmittal to the treasurer's office. This procedure is in place.

Sheriff Department--Timeliness of Deposits

Finding 2006-03

Condition: As described in Finding 2006-01 above, we found that deposits with the county treasurer are not being made on a timely basis.

Criteria: The Michigan Department of Treasury's Uniform Accounting Procedures Manual requires that, "Deposits must be made timely and reconciled to official receipts."

Recommendation: The Sheriff's Department should consider making bi-weekly deposits, and at least a monthly deposit, with the deposit being on the last day of the month or a few days prior to the end of the month. Consistently depositing near the end of the month will enable a more accurate comparison of monthly revenue.

Management's Response--Corrective Action Plan: Contact person is Dale Gribler, Van Buren County Sheriff, Paw Paw, Michigan 49079. Telephone (269) 657-3101.

**Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006**

MATERIAL WEAKNESSES (Continued)

It is the recommendation that the deposit be made at least monthly. I have made sure appropriate staff knows the transmittals are to be done by 4:00 P.M. on the last scheduled work day of the week. In addition, the staff will submit the weekly transmittal to either myself or the undersheriff for our review as a quality control method to ensure timely deposits. Weekly deposits have been made since December.

Sheriff Department--Intact Deposits

Finding 2006-04

Condition: We found, during our cash count that some receipts in the receipt numbers sequence covered by our cash count had been deposited with the county treasurer.

Criteria: According to the Michigan Department of Treasury's Uniform Accounting Procedures manual, "The local unit must make bank deposits intact. Intact means that the deposit must include the checks and cash received for a specific numerical receipt group."

Recommendation: We direct that the Sheriff's Department deposit all receipts intact to the county treasurer on sheriff department transmittal advices. Transmittal advices must be filled out completely including receipt number sequence, the time period covered, the transmittal advice number and the county treasurer's receipt number.

Management's Response--Corrective Action Plan: Contact person is Dale Gribler, Van Buren County Sheriff, Paw Paw, Michigan 49079. Telephone (269) 657-3101.

Effective March 1, 2007, any staff person who is responsible for preparing transmittals will also be given their own sequentially numbered receipt book to ensure receipt number sequence in the transmittal form.

Sheriff Department--Receipts

Finding 2006-05

Condition: Receipts do not indicate if paid by cash or check.

Criteria: The Michigan Department of Treasury's Uniform Accounting Procedures Manual includes the following procedures regarding receipts:

- Numerically controlled (printer pre-numbered) two part official receipts with the name of the local unit printed on the receipt must be issued for all revenues.
- The use of "dime store" receipts is strictly prohibited.
- "Cash" or "check" as the method of payment must be indicated on the receipt.
- The receipt must identify the individual receiving payment.
- The receipt must allow for immediate revenue account classification in conformance with the Uniform Chart of Accounts.

**Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006**

MATERIAL WEAKNESSES (Continued)

- Checks must be restrictively endorsed at the point and time of collection.
- When possible, someone other than the person who writes receipts or posts the accounting records must be responsible to verify that collections received in the mail are properly receipted.
- When possible, collections must be reconciled by an individual not involved in the receipt process.

Recommendation: The Sheriff's Department should comply with all the above receipt requirements.

Management's Response--Corrective Action Plan: Contact person is Dale Gribler, Van Buren County Sheriff, Paw Paw, Michigan 49079. Telephone (269) 657-3101.

The criteria outlined in this section has been outlined since December 2006.

Sheriff Department--Inmate Trust Bank Account Reconciliations

Finding 2006-06

Condition: Inmate Trust Bank Account reconciliations are not being done. We were not able to determine if reconciliations have ever been done. The Sheriff Department uses Keefe Commissary Network (KCN) software to manage the commissary/inmate accounts. The Sheriff Department prints checks and deposit information from the Keefe system and verifies that it agrees with the cleared checks and deposit information on the bank statements each month. However, they do not reconcile the bank balance to the Keefe System inmate balances as of the last day of each month.

For the purpose of determining if the Inmate Trust Bank Account had a surplus, on September 1, 2006 the Sheriff Department discontinued using the Inmate Trust Account at Chemical Bank, printed a list of inmate account balances at that time totaling \$4,376.41, and deposited a Chemical Bank inmate trust fund check for \$4,376.41 to a new Inmate Trust Account at Allegis Credit Union. The Chemical Bank Inmate Trust Account had a bank balance of \$10,466.00 as of September 30, 2006. In 2007, the Sheriff Department intends to deposit the surplus in the Chemical Bank account to the Commissary Fund under the control of the county treasurer.

Criteria: Michigan Department of Treasury Uniform Accounting Procedures Manual states "All bank accounts must be reconciled to the local unit accounting records monthly. The clerk's records must agree with or reconcile to the treasurer's and the bank's records. A reconciliation sheet should be prepared in duplicate for each month with one copy for the clerk and one copy for the treasurer. Canceled checks are to be filed with the bank statement to which they apply."

Recommendation: Reconciliations of the Allegis Credit Union Inmate Trust bank account should be done monthly within 10 days of having received the bank statement. Corrections officers or other responsible personnel should print a list of all inmate balances close to midnight on the last day of each month for bank account reconciliation purposes. The list must be provided to the employee responsible for reconciling the bank account, who should prepare and retain bank reconciliations that agree with the list of inmate balances. The bank reconciliation form on the bank statements may be used for guidance and/or to make the actual bank reconciliations.

**Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006**

MATERIAL WEAKNESSES (Continued)

A review of old outstanding checks written but not paid out by the bank should be done periodically for the purpose of remitting unclaimed property to the Abandoned Property Division of the State of Michigan. This should be done at least on an annual basis.

The surplus in the Chemical Bank Inmate Trust account should be deposited to the Commissary Fund under the control of the county treasurer, and the Chemical Bank Inmate Trust account should be closed.

Management's Response--Corrective Action Plan: Contact person is Dale Gribler, Van Buren County Sheriff, Paw Paw, Michigan 49079. Telephone (269) 657-3101.

During the three days that the auditor was in our office, the Corrections Division's clerk reconciled the new Trust Inmate Account retroactively to its inception of September 1, 2006 and is completed at the end of each month. Therefore, the corrective action is in place.

Regarding the review of outstanding checks, the collections clerk maintains a list of the expired checks with the amounts (checks are not valid after 120 days) on a monthly basis. The first week of May, the clerk will remit all unclaimed outstanding checks from the previous calendar year to the State of Michigan, Abandoned Property Division.

The previous auditor recommended we close the checking account at Chemical Bank, leave a portion of the funds for six months in the account to ensure funds are available to cover any outstanding checks. The six month time frame will expire next month at which time this fund balance will be deposited in the inmate commissary account.

CONTROL DEFICIENCIES

Our audit also disclosed the following other reportable conditions not considered to be material weaknesses which we wish to point out for consideration by the management of Van Buren County.

Administrator--Capital Assets

Finding 2006-07

Condition: The capital asset listing was not updated until after the start of the audit as the list had to be obtained from the previous auditor. The county set a capitalization threshold of \$5,000, but items under \$5,000 were posted to capital outlay leading to adjustments to correct the additions to the capital asset list.

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

CONTROL DEFICIENCIES (Continued)

Criteria: The Michigan Department of Treasury and generally accepted accounting principles requires that each governmental unit maintain a record of capital assets. Governmental Accounting Standards Board (GASB) Statement No. 34 requires capital assets to be presented on the Statement of Net Assets--Net of Depreciation and related debt. It is the responsibility of the county to update the capital asset listing for additions and deletions. For governmental funds, assets purchased during the year and recorded as capital outlay should equal the additions to the capital asset records. Disposals should equal the reductions to the capital asset records. Depreciation is also to be calculated on the capital assets.

Recommendation: We recommend the county maintain its capital asset listing throughout the year and that it be periodically reviewed to ensure that the capital outlay is properly posted for governmental funds, disposals can be updated, and related depreciation is calculated.

Management's Response--Corrective Action Plan: Contact person is Doug Cultra, Van Buren County Administrator, 219 Paw Paw Street, Suite 201, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8253.

Staff has prepared a form to insure all capital assets are properly posted and a depreciation schedule is prepared.

Administrator, Board of Commissioners--Minimum Number of Funds

Finding 2006-08

Condition: Van Buren County currently has a large number of special revenue funds including funds that are normally activities of the General Fund such as the Court Equity Fund, Planning Commission Fund, Remonumentation Fund, Courthouse Security Fund, Court Officers Fund, and Sex Offender Registration Fund. These funds are largely supported by appropriations from the General Fund or revenue usually recorded in the General Fund. The county also has two housing funds, numerous homeland security funds, and three 911 funds.

Criteria: According to the National Council of Governmental Accounting (NCGA), governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established, because unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

Recommendation: We recommend that the county evaluate the need for these special revenue funds and determine if the funds should be recorded as activities in the General Fund or combined into one fund.

Management's Response--Corrective Action Plan: Contact person is Doug Cultra, Van Buren County Administrator, 219 Paw Paw Street, Suite 201, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8253.

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

CONTROL DEFICIENCIES (Continued)

The county administrator, county treasurer, and county clerk must establish a policy on what types of activities or programs should be created as a special revenue fund.

Various Departments--Agency Funds

Finding 2006-09

Condition: Various liability accounts in the Trust and Agency Fund had debit balances and other various liability account balances had incorrect credit balances. The county was also recording revenues for recording fees, plat fees, animal spay/neuter bonds not returned. Also, the Sheriff's Department pop can line item was overdrawn by \$1,225. In all, \$62,263 was transferred to the General Fund to either balance or remove revenues from 46 line-items in the Trust and Agency Fund.

Various liability accounts in the Payroll Clearing Fund have debit balances and other various liability account balances have incorrect credit balances. This has led to the cash in the common checking account to have a negative balance in this fund.

Criteria: Funds held in trust by a local unit of government are liabilities of the Trust and Agency Fund. Liabilities normally have credit balances. Debit balances appear when overpayments are made or errors in entries occur. Revenues should be recorded as revenues in the respective fund to which the revenue would apply.

Recommendation: We recommend that responsible personnel continue to monitor and investigate and resolve all debit balances and incorrect credit balances in the liability accounts. All funds owed to the county for overpayments should be requested from those entities and/or individuals that were overpaid. All incorrect liability accounts that have differences that cannot be explained should be reconciled with supporting detail records. The net unexplained shortage or overage for all Trust and Agency Fund accounts should be submitted to the board of commissioners. If there is a net overage, we recommend the board authorize it to be transferred to the General Fund. If there is a net shortage, we recommend that board approve an appropriation from the General Fund.

Management's Response--Corrective Action Plan: Contact person is Karen Makay, Van Buren County Treasurer, 219 Paw Paw Street, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8228.

This fund will continue to be monitored, investigated, and reconciled with all the affected departments. Any unexplained overages and shortages will be resolved using General Fund monies.

Administrator and Board of Commissioners--Pension Trust Fund

Finding 2006-10

Condition: Van Buren County was utilizing Fund 731, Pension Trust Fund. This fund was utilized to pay an outside organization to administer the county's 401a plan. The result was unrecorded expenses of \$199,871 posted to this improper fund from the inception of the county offering the 401a plan.

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

CONTROL DEFICIENCIES (Continued)

Criteria: According to the Uniform Chart of Accounts, retirement funds are used to record the operations of an employee retirement system. It is classified as an agency fund because it is used to account for money which is held on a trust basis by the local unit. In this case, the county is not holding any funds for any county employees and merely paying administrative costs.

Recommendation: This fund has been closed, fund balance was restated in the General Fund for the expenses prior to this fiscal year and the current year expense has been posted to the General Fund. We recommend that, in the future, the county closely monitor all of its funds and cash flow to ensure the accuracy of reporting in the county's financial statements.

Management's Response--Corrective Action Plan: Contact person is Doug Cultra, Van Buren County Administrator, 219 Paw Paw Street, Suite 201, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8253.

The county will have to appropriate sufficient monies to cover the cost of the service. Please note, the fund has been terminated and has been transferred to the county's General Fund.

Housing Director-Loans Receivable

Finding 2006-11

Condition: Prior to the start of the audit, loans receivable of \$1,105,202 issued by the Van Buren Housing Commission were not maintained or accounted for.

Criteria: The Housing Commission Fund is a self-supporting fund which provides services through long-term loans to low income homeowners in need of housing assistance. These loans are to be repaid over the life and terms set by the Housing Commission and are recorded as liens against the homeowners' property. The Housing Commission must maintain the balance of these loans as they are liens and the source of future income to be used for future homeowner assistance.

Recommendation: We recommend the Housing Commission establish a procedure to monitor and maintain the loans receivable balance now that an amount has been established.

Management's Response--Corrective Action Plan: Contact person is Jennifer Fitzpatrick, Van Buren Housing Director, 219 Paw Paw Street, Suite 201, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8253.

The Housing Commission has all funds go through MSHDA (Opal) program. We are rewarded the grant monies and all transactions FSR (housing and repair loans), and also our Program Income is filtered through the system. We also have spreadsheets maintained for our own record for comparison. We share these spreadsheets with SWMCAA (third party) to make sure that all transactions are recorded correctly. We continue to have a paper trail in order to go back through and track if a question should arise.

**Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006**

STATUTORY NONCOMPLIANCEGeneral Checking Account--Old Outstanding Checks*Finding 2006-12*

Condition: The general checking account currently has outstanding checks that are over one year old.

Criteria: According to MCL 567.234:

“Property held for the owner by a court, state, or other government, governmental subdivision or agency, public corporation, or public authority that remains unclaimed by the owner for more than 1 year after becoming payable or distributable is presumed abandoned.”

MCL 567.238 then states:

“. . . A person holding property presumed abandoned and subject to the state’s custody as unclaimed property under this act shall be reported to the administrator concerning the property as provided in this section. The report shall include all of the following: The name, if known, social security number, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property of the value of \$50.00 or more presumed to be abandoned...”

MCL 567.240 then states:

“A person who is required to file a report . . . shall at the time of the report pay or deliver to the administrator all abandoned property to be reported . . . or any balance owing if an estimated payment was made . . .”

Directive: We direct that the treasurer’s office turnover all unclaimed checks over one year old with a value of \$50 or more to the State of Michigan, in accordance with the above statutory requirements.

Management’s Response–Corrective Action Plan: Contact person is Karen Makay, Van Buren County Treasurer, 219 Paw Paw Street, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8228.

As of the current date, all stale dated checks have been addressed.

Violation of the Open Meetings Act*Finding 2006-13*

Condition: The board held the following executive sessions: March 28, 2006, to discuss administrator review and employee grievance; April 25, 2006, to discuss an employee grievance; April 25, 2006, to discuss a personnel matter; May 23, 2006, to discuss an employee grievance; June 13, 2006, to discuss a personnel matter; July 25, 2006, to discuss the administrator’s contract; August 8, 2006, to discuss the settlement of a personnel matter; and September 26, 2006, to discuss an employee grievance.

These meetings were held to discuss the administrator’s position and pending litigations related to personnel matters and grievances. However, the minutes did not clearly indicate these purposes.

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

STATUTORY NONCOMPLIANCE (Continued)

Criteria: MCL 15.268 section 8 (b) of the Open Meetings Act states: “A public body may meet in a closed session to consider the dismissal, suspension, or disciplining of, or to hear complaints or charges brought against, or to consider a periodic personnel evaluation of, a public officer, employee, staff member, or individual agent, **if the named person requests a closed hearing**. A person requesting a closed hearing may rescind the request at any time, in which case the matter at issue shall be considered after the rescission only in open sessions.” (emphasis added)

MCL 15.268 section 8 (e) of the Open Meetings Act states: “To consult with its attorney regarding trial or settlement strategy in connection with specific pending litigation, but only if an open meeting would have a detrimental financial effect on the litigating or settlement position of the public body.”

Directive: We direct the county to clarify the purpose of its executive sessions to include the named person requesting the closed hearing or information regarding specific pending litigation.

Management’s Response–Corrective Action Plan: Contact person is Tina Leary, Van Buren County Treasurer, Paw Paw Street, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8218.

The county shall limit executive sessions to personnel matters and consulting with an attorney. The minutes shall reflect the nature of the matter (specific legal case) or the name of the person requesting the closed session, if applicable.

Board of Commissioners--Expenditures in Excess of Appropriations

Finding 2006-14

Condition: Our examination of the procedures used by the county to adopt and maintain operating budgets for the budgetary funds revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act.

The county’s 2006 General Appropriations Act (budget) provided for expenditures of the General Fund and special revenue funds to be controlled to the activity level by the county. As detailed below, actual 2006 expenditures exceeded the board’s approved budget allocations for several general fund and special revenue fund activities.

Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006

STATUTORY NONCOMPLIANCE (Continued)

During the nine months ended September 30, 2006, expenditures were incurred in excess of amounts appropriated in the amended budgets for the general fund and special revenue funds as follows:

	Budget	Actual	Variance With Final Budget Positive (Negative)
General Fund			
Legal Fees/Attorney	\$ 105,750	\$ 419,579	\$(313,829)
Equalization	320,843	362,513	(41,670)
MSU Extension	197,245	335,169	(137,924)
Marine Safety	57,004	58,466	(1,462)
Safe Neighborhood Federal Grant	-	12,421	(12,421)
Plat Board	300	484	(184)
Drains	40,000	49,944	(9,944)
Home Health Care--Indigent Care	-	9,550	(9,550)
Contagious Diseases	15,700	19,542	(3,842)
Casualty/Liability Insurance	-	156,416	(156,416)
Tax Collection Bonds	-	3,060	(3,060)
401a Plan Administration	-	16,119	(16,119)
Contingency	-	751	(751)
Special Revenue Fund			
Park			
Recreational and Cultural	63,000	75,000	(12,000)
MCOLES Dispatch Training			
Public Safety	6,800	7,397	(597)
Planning Commission			
Community and Economic Development	4,500	4,872	(372)
Buffer Zone Grant			
Public Safety	-	21,624	(21,624)
State Homeland Security Grant 2004			
Public Safety	-	26,238	(26,238)
Transfers (Out)	-	699	(699)
State Homeland Security Grant 2005			
Public Safety	107,973	234,138	(126,165)
Court Officers			
Public Safety	88,795	111,960	(23,165)
Capital Outlay	-	33,708	(33,708)
Drug Enforcement--Prosecuting Attorney			
Public Safety	1,000	7,682	(6,682)
Victims Advocate			
Public Safety	200	1,719	(1,519)
Youth Services			
Public Safety	1,261	23,065	(21,804)
Housing Program Income			
Community and Economic Development	5,000	34,141	(29,141)
Revenue Sharing Reserve			
Transfers (Out)	1,200,000	1,391,187	(191,187)

**Van Buren County
Schedule of Findings and Questioned Costs
For the Nine Months Ended September 30, 2006**

STATUTORY NONCOMPLIANCE (Continued)

Criteria: The expenditure of funds in excess of appropriations are contrary to the provisions of Section 17 of Public Act 2 of 1968.

Recommendation: We recommend that the county's chief administrative officer (administrator) and those boards and commissions and administrative personnel responsible for administering the activities of the various funds of the county, develop budgetary control procedures for the general fund and special revenue funds which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof. These procedures should include a requirement that each county department head be responsible for monitoring the budgetary status of his or her activity(ies) monthly. Department heads must also be required to make formal requests to the county treasurer for budget amendments prior to incurring expenditures in excess of board authorized amounts.

Management's Response--Corrective Action Plan: Contact person is Doug Cultra, Van Buren County Administrator, 219 Paw Paw Street, Suite 201, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8253.

We have begun the process of monitoring the monthly budget status reports to determine if and when selected items have exceeded their approved appropriation.

**Economic Development Corporation (EDC) and County Treasurer--
Custodian of EDC Bank Accounts**

Finding 2006-15

Condition: The EDC is a discrete component unit of the county. We found that the EDC has a checking account, a savings account, and certificates of deposit totaling \$22,829 that are not in the county's name.

Criteria: MCL Section 48.40 provides that the treasurer is the custodian of all county funds. It states in part, "It shall be the duty of the county treasurer to receive all moneys belonging to the county, from whatever source they may be derived...."

Directive: We direct that the bank accounts be completely turned over to the county treasurer or have the county treasurer's custodianship added to the bank accounts. All of the EDC's activities regarding these bank accounts must be included on the county's general ledger.

Management's Response--Corrective Action Plan: Contact person is Karen Makay, Van Buren County Treasurer, 219 Paw Paw Street, Paw Paw, Michigan 49079-1492. Telephone (269) 657-8228.

The county treasurer will work with the EDC to add the county treasurer to all bank accounts and will list these accounts in the general ledger.

Section III--Federal Award Findings and Questioned Costs

None



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

December 21, 2006

Board of County Commissioners
County of Van Buren
219 Paw Paw Street
Paw Paw, Michigan 49079-1492

RE: Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Financial Statements Performed in
Accordance With Government Auditing Standards

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, Michigan, as of and for the nine months ended September 30, 2006, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated December 21, 2006. We did not audit the financial statements of the Van Buren County Transit (blended component unit--business-type activity) which statements reflect total assets of \$660,394 as of September 30, 2006, and total revenues of \$790,993; or the Van Buren District Public Health Department (discrete component unit--governmental fund) which statements reflect total assets of \$2,009,546 as of September 30, 2006, and total revenues of \$3,757,410. These financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Van Buren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than

inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2006-01 through 2006-11 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-01 through 2006-06 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we did note other instances of noncompliance described in the accompanying Schedule of Findings and Questioned Costs as items 2006-12 through 2006-15.

This report is intended solely for the information of the Van Buren County Board of Commissioners, the county's management and others within the county, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

December 21, 2006

Board of County Commissioners
County of Van Buren
219 Paw Paw Street
Paw Paw, Michigan 49079-1492

RE: Unqualified Opinion on Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in Accordance With OMB
Circular A-133

Independent Auditor's Report

Dear Board Members:

Compliance--We have audited the compliance of Van Buren County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the nine months ended September 30, 2006. Van Buren County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Van Buren County's management. Our responsibility is to express an opinion on Van Buren County's compliance based on our audit.

The County of Van Buren's basic financial statements include the operations of the Van Buren County District Public Health Department and Van Buren County Road Commission, discretely presented component units, which received \$964,271 and 633,368 in Federal Awards, respectively, which is not included in the Schedule of Expenditures of Federal Awards for the nine months ended September 30, 2006. Our Single Audit did not include the operations of the Van Buren County District Public Health Department, discretely presented component unit, because it was engaged by other auditors to perform the audit. The Van Buren County Road Commission did not have a Single Audit required because the Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2006, the Federal aid received and expended by the Road Commission was \$633,368 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted Federal projects are not subject to Single Audit requirements by the road commissions, as they are included in MDOT's Single Audit.

Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission.

The County of Van Buren's basic financial statements include the operation of the Van Buren County Public Transit Enterprise Fund, which received \$90,682 in Federal Awards which is not included in the Schedule of Expenditures of Federal Awards during the nine months ended September 30, 2006. Our audit, described below, did not include the operation of the Van Buren County Public Transit Enterprise Fund because they engaged other auditors to perform that audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program. An audit includes examining, on a test basis, evidence about Van Buren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Van Buren County's compliance with those requirements. We did not audit the subrecipient, Berrien-Cass-Van Buren Workforce Development Board doing business as Michigan Works. The expenditures included in the Schedule of Expenditures of Federal Awards are based on other auditor's financial and Single Audit for fiscal year ended June 30, 2006.

In our opinion, Van Buren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the nine months ended September 30, 2006.

Internal Control Over Compliance--The management of Van Buren County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Van Buren County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Van Buren County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that

noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of commissioners, the county's management and others within the county, Federal awarding agencies, the State of Michigan and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division